



**How CDI is
Revolutionizing
the Transition to
Value-Based Care**

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Creating a state-of-the-art clinical documentation improvement (CDI) program isn't just about boosting coding accuracy. It's a key strategy in managing the transition from volume-based to value-based care, say healthcare leaders. That transition is a risky endeavor that is putting hospital and physician financial performance to the test. As hospitals participate in new care and business models aimed at improving value, leaders must ensure that their organizations are able to maintain reimbursement levels, effectively treat the chronically ill—especially in outpatient settings—and gather accurate data that will allow them to assess performance and segment their varying populations.

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CDI's strategic imperative

For Anthony Oliva, DO, MMM, FACPE, vice president and chief medical officer for Nuance, investing in an advanced CDI infrastructure is probably the most strategically important action organizations can be taking right now to improve performance in the inpatient world and receive maximum revenue while preparing for the future. “CDI not only allows organizations to optimize revenue in the current fee-for-service system, it begins to develop a much stronger picture of the severity of the population that will need care in value-based payment systems,” he says.

Oliva is naturally passionate about CDI, having spent 15 years as a hospital CMO focused on improving quality of care and clinical documentation. He explains that everything begins and ends with the clinical record. “Once the patient has been discharged, whether it's on the inpatient or ambulatory side, the only thing left for the rest of the world to see is what's been coded about that visit.” The final bill generated from the medical record is the primary document that enables outside organizations to analyze care provided, as well as compare care between providers, he adds. “Whether they are hospitals or individual physicians, the clinical document, for both quality of care and measurement of performance reasons, must be accurate in order to achieve value at the end of the day.”

Oliva notes that once he developed a CDI program in his former hospital leadership role, all measurable outcomes improved significantly for the organization. “That was when the light bulb went on and I truly recognized the connection between CDI, quality performance, and the revenue world,” he says.

Improving financial performance

In fact, CDI offers numerous opportunities for improving financial performance, finds a HealthLeaders Media survey of 149 healthcare executives at provider organizations, including senior, clinical, operations, financial, marketing, and information leaders. According to 29% of survey respondents, CDI's No. 1 financial benefit is that it helps achieve the right reimbursement levels by providing organizations with an accurate case-mix index. Also, 16% say CDI is helping them prepare for value-based payments, while 14% cite protection against denials and recovery audits as a key financial benefit of CDI.

To that point, organizations often believe they are leaving revenue on the table because of documentation and coding issues, says Oliva. By improving documentation and coding, they not only increase reimbursement levels, but also improve data accuracy, which

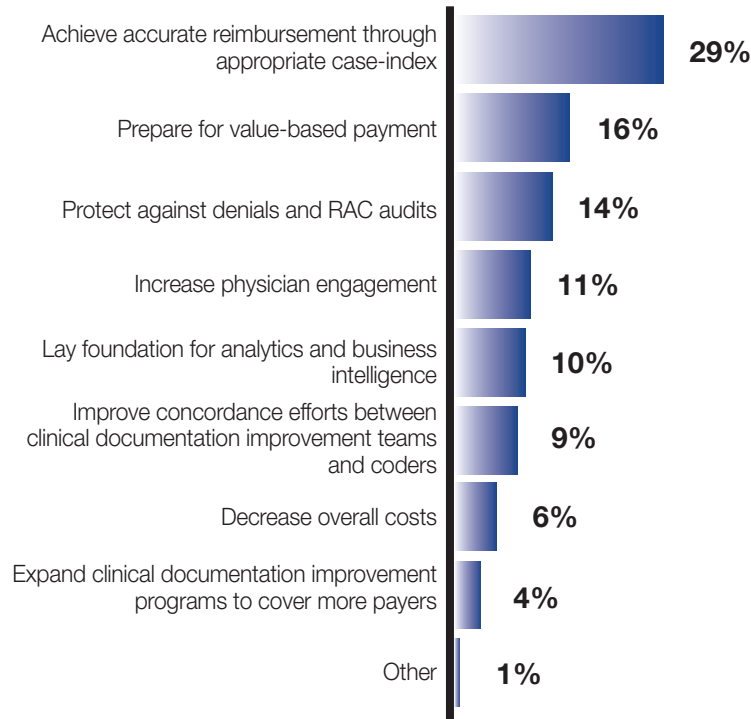


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is vital when it comes to measuring outcomes. Driving the variability out of coding and having the right data can significantly impact the case-mix index, severity-adjusted mortality outcomes, complication rates, and length of stay in a way that is much more reflective of patient acuity and the level of care provided.

"In turn, organizations can use this data to improve quality outcomes," says Oliva. "The result is they have a whole different set of coded records that are a better representation of the care the patient was given, which can be used as a better baseline to improve the quality of care performance of the organization." More accurate data enables hospitals to perform better against their peers. "Public reporting organizations such as CareChex, Healthgrades, and Thomson Reuters are using coded data to make all of their relevant decisions about top healthcare organizations," he points out.

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Protecting reimbursement

At the same time, when asked what represents the greatest risk for optimal financial performance under hospital value-based purchasing, 38% of hospitals say their top concern is the payment gap that is occurring as fee-for-

service payments are reduced during the transition to value-based payments. Indeed, hospitals are starting to feel a greater impact from value-based purchasing.

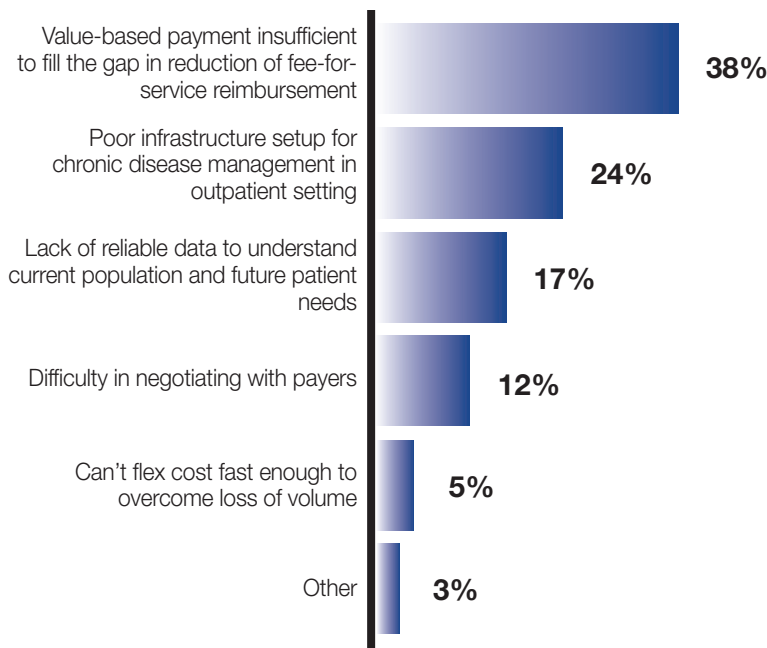
“Five years ago, when 1% of your Medicare revenue was on the line, it didn’t hurt as much if you didn’t score well on value-based purchasing,” says Oliva. Today, however, the risk has increased substantially. “As we start to move up towards 4%–6% of Medicare revenue for 2017, you’re getting into numbers that could wipe out a hospital’s entire margin based on value-based performance.” Managing that transition is perilous as long as fee-for-service is the driver of revenue and value-based changes produce only partial financial benefit, like the Centers for Medicare and Medicaid Services’ Hospital Value-Based Purchasing Program, says Oliva. “For hospitals and health systems to be successful, they have to optimize both of these worlds during that transition. Improving clinical documentation should be a strategic goal during this time.”

Creating a powerful CDI strategy

As healthcare organizations begin to understand the powerful impact CDI can have in a value-based world, results from the same survey also demonstrate that it is vital to take key steps toward operationalizing your program, including strategically engaging physicians, integrating CDI with EHRs and other technology, and staying on top of analytics. When it comes to physician engagement, 23% of survey respondents indicate that inadequate physician incentives are their greatest barrier to improving clinical documentation. Twenty-one percent say difficulty adapting clinical documentation to the EHR and other systems is an issue, while another 13% say the inability to analyze data efficiently is a hindrance.

That being said, there are steps organizations can take to create a successful CDI program. “A CDI program involves a deliberate process, whereby the clinical record is translated into a language that coders can use because

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physicians think very differently than coders,” says Oliva. “But, just because you have a CDI program, don’t lull yourself into believing that you are capturing all your opportunities unless you’re actively managing that program. Unless you’re proving that you’re getting all of the results that you should be getting out of it, measuring it, and providing feedback to physicians, you are not truly operationalized.”

“This is an opportune time for hospitals and providers to become more educated on the value of CDI.”

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Setting the foundation for CDI starts with a baseline assessment that includes a look at current clinical documentation practices. In addition, it is important to do a detailed review on how those services were billed to spot issues with billing and payments. “It’s key to look at it from end to end, from the point of physician documentation to coding, billing, and payment,” says Kimberly Hopey, PhD, RN, director of professional services at Nuance. “Are they capturing all of the clinical documentation that they should be capturing to support the level of services they are coding and billing?” This includes capturing the complete severity of the patient, their current acute condition, and all of their chronic conditions, she adds. These types of assessments can help mitigate barriers by enabling organizations to educate physicians and staff, solve technology integration issues, and create new workflows to support proper documentation practices.



KIMBERLY HOPEY, PHD, RN

Director of Professional Services
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5 Key Advantages of CDI in a Value-Based World

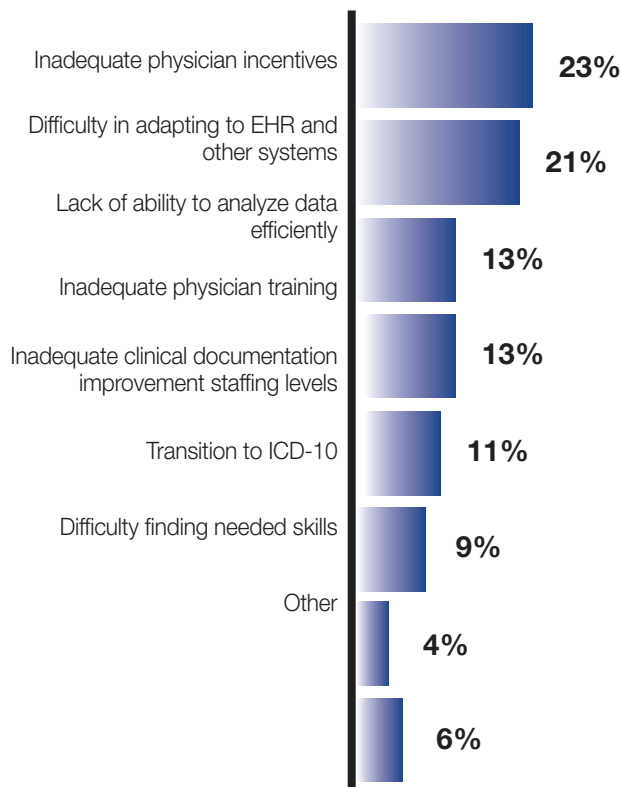
1. Improves quality outcome performance: more accurate case-mix index, severity-adjusted mortality outcomes, complication rates, and length of stay
2. Improves financial performance in a fee-for-service environment through accurate reimbursement
3. Prepares hospitals and physicians for value-based payments
4. Produces critical outcomes-based data necessary for continuous quality and process improvement
5. Increases overall physician engagement

Leveraging CDI in ambulatory settings

Focusing CDI, revenue integrity, and compliance efforts in outpatient settings is imperative to supporting systemwide value-based care. In the same survey, 24% of healthcare leaders worry that poor infrastructure for chronic disease management in an outpatient setting will put them at a greater financial risk when it comes to outcomes-based reimbursement models. CDI supports disease management and population health management programs in the ambulatory environment, for one, by improving data accuracy.

“As we move more into value-based purchasing and alternate payment methodologies, there will be more physician providers and hospitals involved with and impacted by risk adjustment,” says Hopey. For example, she says, as more organizations move into accountable care organizations, they will need to ensure that they’re capturing an accurate disease burden of their patient population, which in turn impacts their risk scores and ultimately reimbursement.

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Also, says Hopey, "it's important to have a good documentation process employed in physician offices and hospital outpatient departments, not only from a disease management perspective, but to capture the appropriate level of evaluation and management services and procedure codes." Hopey adds that billing can be complicated in these environments. "There are risks associated with the inappropriate use of modifiers, and bundling and unbundling is a big issue." Physicians, she says, must provide explicit details about the procedure in order to code correctly and receive appropriate reimbursement.

Inpatient vs. outpatient documentation is quite different, explains Hopey. "Many people aren't as knowledgeable about documentation, coding, and billing guidelines impacting outpatient settings, particularly those associated

with risk-adjusted payment methodologies. For example, with risk adjustment, there are other clinicians aside from physicians from whom coders are allowed to capture documentation that supports the coding of diagnoses that map to a hierarchical condition category (HCC) and increases risk scores."

In the end, Oliva and Hopey agree that now is the time to make CDI a priority. "This is an opportune time for hospitals and providers to become more educated on the value of CDI," says Hopey. Oliva adds, "Every time you intervene to make a correction in the clinical documentation, you're capturing more of your revenue, providing a more accurate view of patient severity, and allowing your outcomes to be appropriately compared to others in a value-based world." ■