

# Survey of ICD-10 Implementation Costs in Small Physician Offices

**Karen Blanchette, MBA, Richard Averill, MS, and Susan Bowman, MJ, RHIA, CCS**

The Professional Association of Health Care Office Management (PAHCOM) is the association for managers of physician practices. Because there has been much speculation concerning the cost of implementing ICD-10 for small physician practices, PAHCOM conducted a survey of its membership to assess the ICD-10-related costs actually being incurred by small physician practices with a focus on practices with six or fewer direct care providers. Of the available studies on the ICD-10 transition costs for small physician practices, this study is only the second that is based on a direct survey of small physician practices.

## Survey Questions

Survey respondents were asked to specify the number of providers in the practice where a provider was defined as a direct caregiver, such as physicians, physician assistants, and nurse practitioners. Survey respondents were asked to specify the total expenditures in the practice for all ICD-10-related activities, including costs already incurred and costs remaining to be expended. The instructions associated with the question on expenditures specifically noted that the costs of obtaining ICD-10 manuals and documentation, ICD-10 training costs, the cost of superbill conversion to ICD-10 and software system upgrades and testing should all be included as ICD-10-related expenditures.

## Survey Results

There were 276 survey responses from practices with six or fewer providers. The survey results for these practices are contained in the table found on page 13.



Generally, as expected, the expenditures associated with ICD-10 increase as the size of the practice increases, but the per provider expenditures decrease as the size of the practice increases. The per provider ICD-10 average expenditures ranged from \$4,372 for a practice with a single provider to \$1,838 for a practice with six providers. Overall, for the 276 practices with six or fewer providers, the average ICD-10-related expenditures for the entire practice were \$8,167 with average expenditures per provider of \$3,430. There were insufficient responses from larger practices with seven or more providers so these practices were not included in the analysis.

Survey respondents were also asked to specify the total amount of ICD-10-related time expended by all personnel in the practice, including physicians, non-physician providers, office management, and other support staff. On average, the combined amount of ICD-10-related hours expended across all personnel

types in practices with six or fewer providers was 45.5 hours per provider in the practice.

## Comparison to Previous Estimates

The ICD-10 expenditures reported in this survey are somewhat higher than reported in two recent studies. One study estimated the ICD-10 conversion costs for an office with three providers to be \$1,960-\$5,900.<sup>1</sup> In a second study, the American Academy of Professional Coders (AAPC) conducted a survey of the ICD-10 implementation costs in small physician practices (defined by AAPC as a practice with under 10 providers).<sup>2</sup> The AAPC survey found that ICD-10 implementation costs averaged \$750 per provider in a small physician practice. The lower per provider estimate in the AAPC survey may possibly be due to limitations on the types of implementation costs included in the AAPC data and/or the additional costs that have been incurred as a result of the delay in implementation of ICD-10.



**The ICD-10 expenditures reported in this survey and the two other recent studies are dramatically lower than [those reported] in an earlier study commissioned by the American Medical Association.**

Number of Providers	Number of Responses	Practice Average Expenditures	Per Provider Average Expenditures
1	83	\$ 4,372	\$ 4,372
2	69	\$ 6,620	\$ 3,310
3	39	\$ 9,641	\$ 3,214
4	37	\$13,541	\$ 3,385
5	30	\$11,960	\$ 2,392
6	18	\$11,028	\$ 1,838
	276	\$8,167	\$3,430

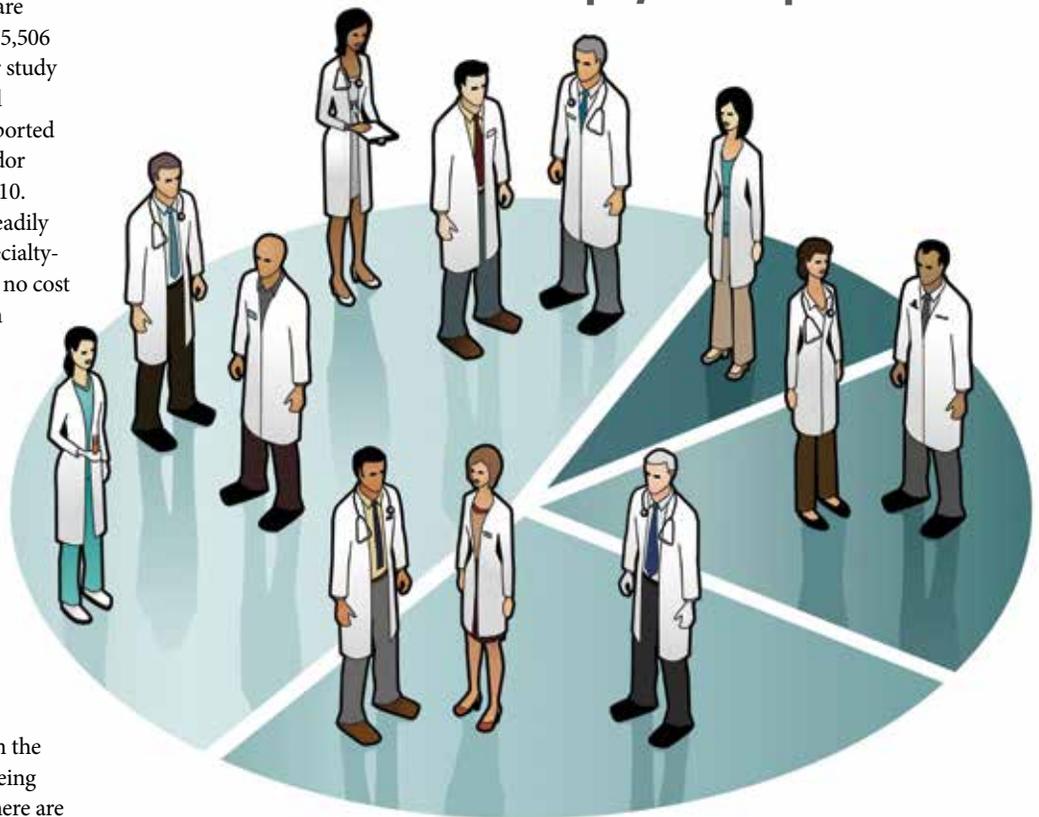


**These results represent the most comprehensive and current data on the ICD-10 implementation costs actually being incurred in small physician practices.**

The ICD-10 expenditures reported in this survey and the two other recent studies are dramatically lower than the \$22,560-\$105,506 estimate for a small practice in an earlier study commissioned by the American Medical Association (AMA).<sup>3</sup> The lower costs reported in this survey may be in part due to vendor response to the implementation of ICD-10. ICD-10 educational materials are now readily available for a nominal cost. Practice specialty-specific superbills can be downloaded at no cost from the internet. Many software system vendors are providing ICD-10 system updates at no additional cost. The adoption of electronic health records by physician practices has further facilitated the transition to ICD-10.

### Conclusions

This survey found that the average ICD-10-related expenditures for a physician practice with six or fewer providers is \$8,167 with average expenditures per provider of \$3,430. These results represent the most comprehensive and current data on the ICD-10 implementation costs actually being incurred in small physician practices. There are now three studies documenting that ICD-10 implementation costs in a small physician practices are dramatically lower than originally reported in the widely publicized AMA-funded study. Based on this survey and the two other recent studies, the financial barriers to ICD-10 are significantly less than originally projected.



**Karen Blanchette** is association director for the Professional Association of Health Care Office Management, Richard Averill is director of public policy for 3M Health Information Systems, Inc., Susan

Bowman is senior director, coding policy and compliance for the American Health Information Management Association.

### References

1. Kravis, Thomas C. et al. "Cost of Converting Small Physician Offices to ICD-10 Much Lower than Previously Reported." *Journal of AHIMA* website. November 12, 2014. <http://journal.ahima.org/?p=10372>.
2. Buckholtz, Rhonda. "Exclusive: ICD-10 Implementation – Where Do We Really Stand?" June 9, 2014. <http://icd10monitor.com/enews/item/1220-exclusive-icd-10-implementation-where-do-we-really-stand>.
3. Nachimson Advisors. "The Cost of Implementing ICD-10 for Physician Practices: Updating the 2008 Nachimson Advisors Study: A Report to the American Medical Association." February 12, 2014.

<http://www.mtpca.org/documents/icd-10-costs-for-ICD-20Nachimsontudy.pdf>.

FIRST PUBLISHED ONLINE AT <http://journal.ahima.org>

Copyright 2015 © by the American Health Information Management Association. All rights reserved. No part of this publication may be reproduced, stored in a retrieval system, or transmitted in any form or by any means, electronic, photocopying, recording or otherwise without prior permission from the publisher.

# PAHCOM is Making a Difference in Washington



Karen Blanchette, MBA and Deborah McEuen, CMM, HITCM-PP at the Congressional briefing on Capitol Hill

PAHCOM Association Director Karen Blanchette, MBA and PAHCOM Member Deborah McEuen, CMM, HITCM-PP were in Washington, DC on February 10th as part of the Coalition for ICD-10 Congressional Briefing, Voices from the Industry.

Karen was presenting the findings of the survey on ICD-10 Implementation Costs for Small Physician Offices, which was based on survey input from PAHCOM Members. Her report can be found on page 12 of this issue.

Deborah is the Practice Administrator for a rural small practice, Beyer Medical Group. She helped to lead them to ICD-10 excellence and they presented on Small Rural Provider Readiness.

Here is the Coalition for ICD-10 Congressional Briefing, Voices from the Industry agenda:

Panel Moderator: Joel White, executive director, Health IT Now Coalition.

Panel Issues and Speakers:

- **Small Rural Provider Readiness** – “What’s all the hype about? We’re ready to go!” **Edward Burke, M.D. and Phillip Beyer, D.O.**; Beyer Medical Group, Fredericktown, MO.
- **The Countdown to ICD-10 for Hospitals** – “How a children’s health system plans to improve care for pediatric patients” **David W. West, M.D.**, Medical Director Health Informatics & Business Partners, Nemours Children’s Health System
- **Physician Office Management** – *Transition is Manageable: New Survey Results on Physician Office Cost by the Medical Office Managers.* **Karen Blanchette, MBA**; Association Director, Professional Association of Health Care Office Management (PAHCOM)
- **Payor Readiness** – “We have been/continue to test – the system is ready.” **George Vancore**, Sr. Manager, Systems Integrator and Business Architect, Delivery Systems Mandates and Compliance, Florida Blue.

*Deborah's Docs*  
*PAHCOM National*

Look for a full recap of the briefing and the impact PAHCOM and its members are having on our industry in the May/June issue of The PAHCOM Journal. Thank you to everyone who participated in the survey. Together, we make a difference!



The Coalition for ICD-10 is an alliance of hospitals, health plans, professional associations, hospital and physician office coding experts, vendors and the health information technology (HIT) community united in support of U.S. adoption of the ICD-10 coding standard. The Coalition for ICD-10 promotes the critical importance of ICD-10 to improving quality measurement, public health surveillance, clinical research, and healthcare payment through research, education, advocacy, and mobilization.

<http://coalitionforicd10.org/>

To make your voice heard, go to: <http://coalitionforicd10.org/tell-congress/>

## Certification Exam Sample Answers:

CMM	HITCM-PP
1. A	1. D
2. D	2. C
3. C	3. C
4. B	4. A
5. B	5. D