MITA ICD-10 Impact Analysis Template: Policies, Processes, and Systems

Version 1.0

**Revision History**

| **Date** | **Rev** | **Author** | **Description** |
| --- | --- | --- | --- |
| **MM/DD/YY** | 1 |  |  |
|  |  |  |  |
|  |  |  |  |
|  |  |  |  |
|  |  |  |  |
|  |  |  |  |
|  |  |  |  |
|  |  |  |  |
|  |  |  |  |
|  |  |  |  |
|  |  |  |  |
|  |  |  |  |
|  |  |  |  |
|  |  |  |  |
|  |  |  |  |
|  |  |  |  |
|  |  |  |  |
|  |  |  |  |
|  |  |  |  |
|  |  |  |  |

**Table of Contents**

[1. Methodology for Completing the Impact Analysis Template 4](#_Toc280273969)

[2. Impact Analysis Template 4](#_Toc280273970)

[2.1. Background 4](#_Toc280273971)

[2.1.1. Purpose 4](#_Toc280273972)

[2.1.2. Scope 4](#_Toc280273973)

[2.1.3. Assumptions and Constraints 5](#_Toc280273976)

[2.2. Impact Analysis Approach 6](#_Toc280273979)

[2.2.1. Develop Inventory 6](#_Toc280273980)

[2.2.2. Analyze Risks 7](#_Toc280273984)

[2.2.3. Assess Opportunities 7](#_Toc280273987)

[2.2.4. Aggregate and Prioritize Risks and Opportunities 7](#_Toc280273989)

[2.2.5. Distribute Impact Analysis 8](#_Toc280273992)

# Methodology for Completing the Impact Analysis Template

The Impact Analysis Template provides a methodology and assists the SMA develop a detailed analysis of the SMAs policies, processes, and systems and understand the ICD-10 impact on each. Theimpact analysis team should work with the Project Manager to update this plan to account for required tasks after completing the impact analysis.

In developing the Impact Analysis, the SMA should refer to the following sections:

* Section 2.1 to determine the purpose, assumptions, constraints, and scope of the Impact Analysis.
* Section 2.2 to identify and analyze the ICD-10 impact on the SMA.
* Section 2.2.5 to ensure a common understanding of the impacts of ICD-10 across the SMA.

# Impact Analysis Template

This section assists the SMA in completing the impact analysis. Section 2.1 assists in documenting assumptions, constraints, and scope of the impact analysis. Section 2.2 assists in conducting the impact analysis.

## Background

This section assists in documenting assumptions, constraints, and scope of the impact analysis.

### Purpose

*<The SMA should identify the purpose of the Impact Analysis.>*

The purpose describes the intent of the Impact Analysis. The following is an example purpose: The Impact Analysis identifies the impacts of ICD-10 on the SMA and its policies, processes, and systems. This analysis document was developed to assist and guide the planning for and the implementation of ICD-10 within the SMA*.*

### Scope

The purpose of defining a scope is to identify what activities the SMA defines as relevant to the ICD-10 Impact analysis and what activities are not relevant when conducting the ICD-10 Impact Analysis.

### In Scope

*<SMA should identify the areas and programs that are in scope for the impact analysis.>*

Examples of in scope activities include the following:

* Analyze the impact of the transition from ICD-9 to ICD-10 on SMA policies, processes, and systems
* Outline the risks and effort required to be ready for transition to ICD-10
* Describe potential risk mitigation strategies and provide rankings of the impact of each ICD-10 risk

### Out of Scope

*<The SMA should identify items that are out of scope for the impact analysis.>*

Examples of out of scope activities include the following:

* Analysis of ICD-10 impact on healthcare industry participants outside of the SMA (e.g., providers and clearinghouses)
* Processes and systems managed by SMA business partners (e.g., other payers)
* Detailed project plans for ICD-10 implementation projects
* Detailed system design, development, and implementation
* Acquisition of development contractors
* External outreach, training, and education

### Assumptions and Constraints

The SMA should identify assumptions and constraints for conducting the impact analysis. This subsection explains possible assumptions and constraints that may be relevant to the SMA Impact Analysis.

### Assumptions

*<The SMA should identify assumptions the SMA will use in building their analysis.>*

The following are possible assumptions the SMA may apply when preparing its impact analysis. The SMA should identify the assumptions that are relevant for its agency.

* The ICD-10 implementation date will be October 1, 2013, as described in the Final Rule in the Federal Register 45 (CFR Parts 160 and 162).
* All impacted areas must be ready to utilize ICD-10 codes on the October 1, 2013 implementation date.
* As used in this document, “policy” refers to rules governing SMA operational functions, such as payment, rather than legislative policy or rulemaking.
* Processes are defined as business workflows that may utilize human activity and/or systems to achieve a business outcome.
* Systems are defined as databases, software applications, user interfaces, electronic files, and hardware to store, report, or process business data.

### Constraints

*<The SMA should identify the constraints presented during report development, as well as constraints that may emerge as the implementation progresses.>*

The following are possible constraints the SMA may apply when preparing its Impact Analysis. The SMA should identify the constraints that are relevant for its agency.

* The SMA is currently installing a new MMIS and it will not be fully functional until after the Impact Analysis is complete. Further analysis may be required by the SMA to update the impact analysis to reflect changes made after document completion.
* This document reflects a snapshot in time of existing SMA functional areas. Changes made to policies, processes, or systems after the completion of this document may render portions of this analysis incomplete or outdated. Further analysis may be required by the SMA to update the impact analysis to reflect changes made after document completion.

## Impact Analysis Approach

The impact analysis approach consists of five basic steps: develop inventory, analyze risks, assess opportunities, aggregate and prioritize risks and opportunities, distribute impact analysis. The following subsections will define and elaborate on each of these steps.

### Develop Inventory

The SMA should identify instances of ICD codes in its policies, processes, and systems. After completing this step, the SMA should have a comprehensive list of the affected areas and how each is affected by ICD codes.

### Analyze Use of ICD Codes in Policies, Processes, and Systems

The SMA needs to analyze each policy, process, and system to identify which use ICD codes.

An assessment of process, policy, and systems should focus on ICD-10’s potential risks and impacts to the functional processes (e.g., case management, utilization management, enroll member, price/edit claim), policies (e.g., legislative, state, waivers), and the systems that enable those processes. Upon completing this step, the SMA should have a complete list of the impacts of ICD-10 on the SMA. For assistance in completing this step, refer to the Process, Policy, and System Checklist.

### Create Business Process Models

The SMA should create business process models to identify process steps affected by ICD-10. Business process models (BPMs) help sort operations into manageable action areas in order to analyze and improve the efficiency and quality of operations. It will identify the steps within each process, the process triggers, inputs, outputs, and how ICD codes affect the process. Upon completing this step, the SMA should have a BPM for each process impacted by ICD-10. For assistance in completing this step, refer to the Business Process Model Template.

### Create System interaction Diagrams

The SMA should create system interaction diagrams to identify systems and system interfaces that use ICD codes. A system interaction diagram illustrates the information flow between the primary and secondary systems. The system interaction diagram is not a business process model that denotes activity sequence or decision points. The diagram highlights the systems and the information that flows between the systems. The diagram could use the “ICD” labels to indicate: (1) if a system stores ICD codes; and (2) if a system-to-system data exchange includes ICD codes. Upon completing this step, the SMA should have a system interaction diagram for each system impacted by ICD-10. For assistance in completing this step, refer to the System Interaction Diagram Template.

### Analyze Risks

For each area (policies, processes, and systems), the SMA should identify the respective risks and the mitigation strategies.

### Describe and Score the ICD-10 Risks

The SMA should identify and score the ICD-10 risks for each use of ICD codes within the SMA. A risk is a threat that, if not mitigated or avoided, may cause negative business outcomes (e.g., incorrect payment). After identifying each risk, apply a score to the risk to explain the likely impact if the risk occurs. For assistance in identifying risks and developing a scoring mechanism, refer to the Risk Management Template and the Scoring Template respectively. Upon completion of this step, the SMA should have a description and score for each risk associated with implementing ICD-10.

### Develop Risk Response Plans

The SMA should identify mitigation strategies to employ if a risk occurs. A mitigation strategy details the actions required to minimize the chances of the risk causing the potential negative business outcomes. For assistance in developing mitigation strategies, refer to the Risk Management Plan. Upon completing this step, the SMA should have a clear mitigation strategy for each risk.

### Assess Opportunities

For each area (policies, processes, and systems), the SMA should identify the opportunities that the SMA will gain by implementing ICD-10.

### Identify and Describe the Opportunities that ICD-10 Offers

The SMA should identify and describe the business and technical opportunities that ICD-10 offers. Identify these opportunities for each policy, process, or system that needs remediating to assess the impacts on the SMA. Upon completing this step, the SMA should have a clear understanding of the opportunities that ICD-10 will offer its SMA.

### Aggregate and Prioritize Risks and Opportunities

For each area (policies, processes, and systems), the SMA should score the ICD-10 impacts and prioritize them based on importance for the SMA.

### Aggregate Risk Scores

The SMA should develop a numerical score that identifies the complexity of the risks and associated work efforts within a specific MITA business area. This can be done by summing the risk scores developed in Section 2.2.2.1 Describe and Score the ICD-10 Risks. For assistance in developing aggregated risk scores, refer to the Impact Scoring Template. Upon completion of this step, the SMA should have an understanding of the highest impacted areas in the SMA.

### Prioritize Business Area Impact

The SMA should develop a prioritized list of the risk scores at both the aggregated and individual scoring levels. By prioritizing the impacts, the SMA should understand and develop a plan to address the most impacted in criticality and priority areas of the SMA first. For assistance in completing this step, refer to the Impact Scoring Template. Upon completion of this step, the SMA should have an understanding of the areas with the most impact in the SMA.

### Distribute Impact Analysis

After completing each step, the SMA will have completed a detailed Impact Analysis and have an understanding of the ICD-10 impact on their organization. The SMA should distribute the information gained from the impact analysis to the SMA and stakeholders to ensure a common understanding among staff on the implementation impacts of ICD-10. For assistance in distribution, refer to the Communication and Awareness Plan.