Impact Scoring Template

Version 1.0

**Revision History**

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# Purpose

The purpose of the Impact Scoring Template is to provide a sample framework an SMA might employ when determining the ICD-10 impacts and provide a numerical score for the impact of ICD-10. This will complement the Risk Management Plan artifact and assist project teams in scoring and analyzing ICD-10 related risks.

# Impact Analysis Scoring Framework

The impact assessment framework consists of two scores: Impact Score and MITA Business Area Impact Score (MBAIS). The MBAIS score reflects the need to identify the impact to each MITA business area and the interdependencies between the MITA business areas.

**Impact Score[[1]](#footnote-1)** is a numerical score that reflects the risk level and the work effort associated with an individual threat to a particular MITA business area as the result of ICD-10 implementation[[2]](#footnote-2).

**MITA Business Area Impact Score (MBAIS)** isa numerical score that identifies the complexity of the risks and associated work efforts within a specific MITA business area for the ICD-10 transition. This score does not consider how changes made to processes and systems managed by a particular MITA business area will affect other related functions.

The following sections describe the methodology for calculating the Impact Scores and MBAIS.

# Impact Score Calculation

There are two elements of the Impact Score: the risk score (likelihood and severity of a threat occurring) and work effort involved in mitigating the threat. The following sections explain these factors.

The SMA should use the same framework in the impact analysis to ensure that impact scoring for each area used a standard methodology.

# Risk Score

The SMA should score each risk associated with the ICD-10 transition. Please refer to the Risk Management Plan for identifying the risks. The SMA could score each risk by the likelihood (L) and severity (S) of occurrence as illustrated below.

The risk score (R) equals the value of the likelihood (L) multiplied by the severity (S).

Equation 1: Risk Score

The likelihood scoring range is from 1 to 3.

Table 1 describes the likelihood of occurrence values.

Table 1: Likelihood of Occurrence Values

| **Value** | **Level** | **Description** |
| --- | --- | --- |
| 1 | Low | Minimal probability of taking place |
| 2 | Moderate | Equal probability of occurring or not taking place |
| 3 | High | Extreme probability of taking place |

The occurrence severity values range could be scored from 1 to 3, and 10. Catastrophic risks have a value of 10 because the risk impedes the SMA from achieving fundamental functions (e.g., payment). A risk of this nature has a significantly higher value to ensure catastrophic risks receive sufficient weight and attention.

Table 2 describes the occurrence severity values.

Table 2: Occurrence Severity

| Value | Level | Description |
| --- | --- | --- |
| 1 | Low | Risk occurrence will have a minor affect on the SMA business outcomes and will require minimal or no effort to address. The SMA can use workarounds to continue business processes and systems without affecting outcomes. |
| 2 | Moderate | Risk occurrence will have some affect on the SMA business outcomes. The SMA can use short term workarounds, but there would be the possibility of affecting the effectiveness or efficiency of the area (e.g., longer timeframes, greater cost). Avoiding or mitigating the risk will require some expenditure of resources. |
| 3 | High | Risk occurrence will have an extreme affect on the SMA business outcomes and require more expenditure of resources to address. Using short term workarounds could not prevent negative affects on the outcomes (e.g., longer timeframes, greater cost). |
| 10 | Catastrophic | Risk occurrence will derail operations and the SMA will not be able to accomplish one or more primary objectives. The incident will tarnish the agency’s reputation and temporary fixes will not be feasible to mitigate the risks. |

Table 3 identifies the risk levels associated with the risk scores calculated by multiplying the severity and likelihood values.

Table 3: Risk Levels

| Risk Score | Risk Level |
| --- | --- |
| 1-3 | Low |
| 4-5 | Moderate |
| 6-9 | High |
| 10-30 | Catastrophic |

# Work Effort (WE) Score

The Work Effort (WE) is comprised of the Transition Effort (TrE) and the Steady State Effort (SSE). The TrE is the effort to mitigate the risk as part of the ICD-10 implementation program, while the SSE is the ongoing effort required to continue mitigating the risk after the implementation. Table 4 defines the work effort terms.

Table 4: Definitions of Work Effort Terms

| Term | Definition |
| --- | --- |
| Transition Effort (TrE) | The work effort required during the ICD-10 implementation program to prepare for operating with ICD-10 codes and to ensure that the risk is mitigated. |
| Steady State Effort (SSE) | The work effort required to ensure the risk continues to be addressed after ICD-10 implementation.[[3]](#footnote-3) |

The Work Effort (WE) is equal to the sum of the Transition Effort (TrE) score and Steady State Effort (SSE).

Work Effort (WE) = Transition Effort (TrE) + Steady State Effort (SSE)

The impact analysis scores the Transition Effort (TrE) and the Steady State Effort (SSE):

**Transition Effort (TrE)** scores range from 0 to 3. If an activity requires no effort, it will receive a score of 0. If an activity requires high level of work effort to address the risk and prepare for ICD-10, it will receive a score of 3.

**Steady State (SSE)** scores range from 0 to 3. A score of 0 indicates that no effort is required and a score of 3 indicates that a high level of work effort is needed to ensure the risk continues to be addressed after ICD-10 implementation

Add the Transition Effort (TrE) score to the Steady State (SSE) score to equal a Work Effort (WE) score ranging from 0 to 6. A Work Effort score of 0 indicates that no activity is required and a score of 6 indicates that a high level of work effort along with a significant effort of resources will likely be required.

The SMA should perform a detailed cost or resource estimate to support the WE scoring. If this is not possible, the SMA can collaborate with the SMEs to assign WE scores to provide an initial indication of the relative level of effort required across business and functional areas to prepare for ICD-10. Table 5 describes each score and the associated work effort.

Table 5: Work Effort Scoring for Transition and Steady State Phases[[4]](#footnote-4)

| Value | Level of Effort | Description |
| --- | --- | --- |
| 0 | None | The risk will require no activity to resolve. |
| 1-2 | Low | To address the risk will likely require a minimal expenditure of resources (e.g., SMA FTEs, contractor FTEs, or internal/external communications). |
| 3-4 | Moderate | To address the risk will likely require some expenditure of resources (e.g., SMA FTEs, contractor FTEs, and internal and external communications). |
| 5-6 | High | To address the risk will likely require a significant expenditure of resources (e.g., SMA FTEs, contractor FTEs, and internal and external communications). |

# Impact Score

The Impact Score is for a specific threat that ICD-10 presents to a particular MITA business area. The Impact Score is equal to the sum of the Risk Score and the Work Effort Score.

**Impact Score = Risk Score[[5]](#footnote-5) + Work Effort Score[[6]](#footnote-6)**

The Impact Score results in one of the following impact levels: low (1 to 5); moderate (6 to 12); or high (13 to 36) for each risk that requires mitigation (Table 6).

Table 6: Impact Classification per Risk

| Impact Score Range | Impact Level | Description |
| --- | --- | --- |
| 1-5 | Low | The function will be minimally affected if the risk occurs. If the risk occurs, the functional area will be able to implement workarounds to prevent the risk from affecting business outcomes. The workarounds will have no or minimal incremental costs. |
| 6-12 | Moderate | The function will be somewhat affected if the risks occurs. If the risk occurs, the functional area will have more difficulty preventing the risk from affecting business outcomes. The required corrections and workarounds will incur some incremental costs for the functional area. |
| 13-36 | High | The function will be significantly affected if the risk occurs. If the risk occurs, the functional area will not be able to prevent the risk from affecting business outcomes. The required corrections and workarounds will require substantial incremental costs for the functional area and/or workarounds do not exist to mitigate the risks. |

# MITA Business Area Impact Score Calculation

The combined Impact Scores for all the risks managed in a functional area yield the MITA Business Area Impact Score (MBAIS) for the business function.

**MITA Business Area Score = Σ All Impact Scores**

For example, the Operations Management MBAIS would equal the sum of the Impact Scores for all risks associated with Operations Management.

**Operations Management MBAIS = Σ All Impact Scores in Operations Management**

1. For more details on the scoring methodology, see Impact Assessment Framework – Section III.3.2. [↑](#footnote-ref-1)
2. Impact Score = Risk Score **+** Work Effort Score, where the Risk Score = Likelihood \* Severity and the Work Effort Score = Transition Effort + Steady State Effort. [↑](#footnote-ref-2)
3. Not all risks will require continued attention during the steady state phase. In some instances, the work conducted during the transition will suffice to avoid or mitigate the risk. [↑](#footnote-ref-3)
4. The Work Effort is an initial indication of the relative level of efforts required for the ICD-10 implementation. Later deliverables in the project will provide more detail on the resources required for ICD-10 implementation (number of FTEs, number of hours needed, number of resources needed, etc.). [↑](#footnote-ref-4)
5. Risk Score = Likelihood \* Severity [↑](#footnote-ref-5)
6. Work Effort Score = Transition Effort + Steady State Effort [↑](#footnote-ref-6)