



July 14, 2016

HIM Service Market Chaos

How Certified EHRs and ICD-10 Impact Outsourced Services

Dale Kivi, MBA
VP, Business Development
FutureNet



Disclosures

- Dale Kivi, MBA is the Vice President of Business Development for FutureNet

Session Agenda

- Why all the chaos?
- Business issues with certified EHRs
- Transcription cost, quality and TAT issues
- Business issues with ICD-10
- Coding cost, quality and TAT issues
- Measuring success: in-house vs. outsourcing (people/process)
- Outsourced vendor contract considerations
- Q&A

HIM Service Outsourcing: Why the Chaos?

- GPOs and consultants selling significant cost differentiators
- Legislative and tech changes mandate constant tool changes
- Market pressures to leverage technology to save on labor
- Tech vendors intentionally provoking IT vs. HIM battles
- Certified EHRs were designed to create data, not efficiency
- ICD-10 forced many providers to test outsourcing for back-up
- Everyone is offering different targets for measuring success

Business Issues With Certified EHRs

They improve the doctor's job satisfaction

35% happy

65% are not

They require doctors to do more work that others could do

39% happy

61% are not

They slow down the doctors

57% happy

43% are not

They improve the quality of care

61% happy

39% are not

They interfere with doctor - patient communications

64% happy

36% are not

Source: recent AMA study

Certified EHRs' Impact on Service Vendors

- Technology is often cost justified by the elimination of labor

Transcription

- Medical transcription market consolidation driving down market prices
- SR technology now bundled with EHR for new value adds

Coding

- Rebirth of Scribes profession due to EHR impact on doctors
- EHR options cause 'Where's Waldo' coding data searches
- Technology mix impacts coder productivity and cost models
- Copy-forward function leads to duplicate billed items

Certified EHRs' Impact on Health Information Management/Physicians

- Personal income affected by reduced daily patient count
- Increased physician documentation time leads to shortcuts
- Shortcuts and proofing their own work lead to errors
- Highly templated output can be viewed as cloned reports
- More content/less specificity impacts clarity and patient care
- Copy-forward functions result in condition and billing errors
- In-room documentation negatively affects patient experience

EHR Blind Spot – Quality and Efficiency Are Dependent on Communication Speed

Communications Method	Words Per Minute (WPM) Speed
Average mobile device “thumbing” speed	18 - 24 WPM
Average hand writing (copying) speed	23 WPM
Average hand writing (memorized text) speed	31 WPM
Average typing/keyboarding speed	40 WPM
Average speaking speed	105 WPM
Comprehensible listening speed	150-160 WPM
Average reading speed	250-300 WPM
Average speed-reading speed	600-800 WPM
Expert speed-reading speed	2,000 WPM

Physicians dictate more than 2.5 times faster than they can type.

Solution: Allow partial dictation or traditional with auto-abstraction.

2016 Outsourced Transcription Market

- Contract cost, quality and turnaround time (TAT) standards defined by the American Health Information Management Association (AHIMA)
- All national service vendors bundle technology and labor rates
- Domestic mom and pop shops can no longer compete on cost
- Current price to clients was common labor rate 10 years ago
- Today's pricing shell games can be found in IT fine print
- Offshore labor cost advantages are minimized through Back end speech recognition (BE-SR)
- BE-SR and supply/demand economics still dropping labor rates

Transcription Cost Standard: Visual Black Character (VBC)

Counting Method	Equivalent Rates (expressed in cents)										Key
Visual Black Characters (per character)	0.00130	0.00149	0.00167	0.00186	0.00204	0.00223	0.00241	0.00260	0.00279	0.00297	/ 65
Visual Black Character (times 65)	8.45	9.66	10.87	12.07	13.28	14.49	15.70	16.90	18.11	19.32	* / .8282
65 Characters, Spaces, Tabs & Returns	7	8	9	10	11	12	13	14	15	16	*
65 Character Lines (with formatting)	6.3	7.2	8.1	9	9.9	10.8	11.7	12.6	13.5	14.4	* X .9
Gross Lines	5.01	5.73	6.44	7.16	7.88	8.59	9.31	10.02	10.74	11.46	* X .716

3 Greatest Lies of Transcription Line Counting: 2016 Edition

Count all characters that contribute to the final look of the document.
 We apply the industry standard “X” lines for headers and footers.
 Once volume count variables are set, you don’t need to check them.

AHIMA MT Standard: A Standard Unit of Measure (pdf)

Transcription Quality and TAT Standards

Quality: AHIMA Best Practices

AHIMA MT Standard: Healthcare Documentation QA and Management Best Practices (pdf)

Turnaround Times for Common Document Types: TAT4CDT

Work Type	Contracted		Mode
	High	Low	
History & Physical	48	4	8 & 12 (tie)
Operative Report	24	4	12
Discharge Summary	48	24	24
Progress Note	48	4	24
Consultation	48	4	24
Radiology	24	4	4

Survey based on 1,200 hospital clients of national MTSOs.

AHIMA MT Standard: TAT4CDT (pdf)

Business Issues with ICD-10

Average unemployment rate for medical coders:

Under 2%

Average salary increase for coders over past 3 years:

Over 10%

Typical sign-on bonus for experienced IP coders:

\$7,500

Two year increase in use of outsourced coding vendors:

(Current average is 30% of volume is outsourced.)

15% - 60%

Current cost range for outsourced coding services:

\$12 - \$100 per hour

Source: AAPC and Various Industry Surveys

ICD-10 Impact on Service Vendors

- Shrinking Medical Transcription Service Organization (MTSO) market driving scores of coding resellers
 - Unlike MT, some offshore coders have experience advantage
- Short term transition concerns accelerated outsourcing shift
 - Market momentum of outsourced coding now driven by cost
 - Lack of standards makes vendor comparison very difficult
 - Market chaos allowed vendors to set contract conditions

2016 Outsourced Coding Market

- Majority of relationships now blend in-house/outsourced
- All service vendors are fully dependent on client technology
- No AHIMA coding service standards for cost, quality or TAT
- Post ICD-10 reduction in productivity and quality vary greatly
- Individual productivity can vary greatly by coding technology
- Pricing, quality and TAT standards vary greatly by vendor
- Even with all this chaos, cost savings are too great to ignore

Post ICD-10 Cost, Quality and TAT Issues



COST	QUALITY KPIs	PRODUCTIVITY
By the Chart By the Hour % of Revenue Annual Budget	DRG Only MCCs/CCs Reimbursements Reject Rates Frequency of Queries 3 rd Party Audit Results Internal CDI/SOI Audits	Charts/Hour DNFC DNFB
<u>Variables:</u> EHR, encoder, CAC, labor source, physicians, payers, etc., etc...		

DRG: Diagnosis Related Group

CC: Complicating Condition

MCC: Major Complicating Condition

CDI: Clinical Documentation Improvement

SOI: Severity of Illness

DNFC: Discharged but Not Final Coded

DNFB: Discharged but Not Final Billed

CAC: Computer Assisted Coding

AHIMA Coding Standards: MIA

Suggested Coding Vendor Contract Terms

Cost:



Pay by the chart

Different rates for different chart types

Quality:



Extend department KPI's to vendors

Requires vendors to have access to site KPIs

TAT:



Extend department DNFC / DNFB targets

Individual productivity is vendor's responsibility




Other:

Negotiate ramp up/ramp down terms

Request third-party security audits

Add penalties for non-compliance

Measuring MT and Coding Process Success

	People (In-house)	Process (Outsourced)
Cost: 	Wages & Benefits <i>Continually escalating</i>	Production Based <i>Continually dropping</i>
Quality: 	AHIMA Standards <i>Expense if not met</i>	AHIMA Standards <i>Credit if not met</i>
TAT: 	Volume Per Hour <i>Expense if not met</i>	Deadline Based <i>Credit if not met</i>

Service Vendor Evaluation Process

- Define cost, quality and TAT expectations and measurements
- Research vendor model profiles/experience with like clients
- Consult KLAS and/or references for like client experiences
- Distribute common test files for head-to-head comparisons
- Evaluate technology vs. labor mix and future flexibility
- Review contract languages for potential “GOTCHA” clauses
- Take control of out clauses to adapt to changing market

Questions

- Dale Kivi, MBA
dale.kivi@fnehr.com
804.339.9017