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RAISING THE BAR:

Four coding staffing models to consider when preparing for ICD-10

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INTRODUCTION

In the final approach to ICD-10, coding organizations need to create—or advance further along—a path to high performance. Some future challenges are fairly predictable, such as a coder shortage, and the anticipated productivity hit with the seven-fold increase in available codes. However, some uncertainties remain—including the level of detail required in completion of the outpatient coding process and whether individual facilities or insurers will require ICD-10-PCS codes to be assigned even though they are not required by the federal mandate.

There are certain undeniable similarities between the current state of coding and that of transcription services 20 or so years ago. Transcription evolved from a Tel-edisette™ machine with its cassette cartridges, Dictaphone™ headsets and pedals with IBM selectric typewriters to automated speech recognition (ASR) technology and the progression of medical transcriptionists into document editors. Similarly, encoders have evolved since the 1980s, with the development of autocoding and the most recent iterations of computer assisted coding. Ultimately, technology can be expected to advance to the point where coders who once had to peruse massive coding manuals to complete their work will eventually become coding editors.

Against this background, there is a need to do a deeper dive into operational perspectives that will contribute to a successful ICD-10 implementation. Organizations should consider ways to:

- Identify redundancies and breaking points in the coding workflow process

- Define key tasks in the restructure of current process to assure appropriate work distribution and accountability

- Create a staffing model that works for your facility using project management techniques.

THE STAFFING MODEL TUNE-UP
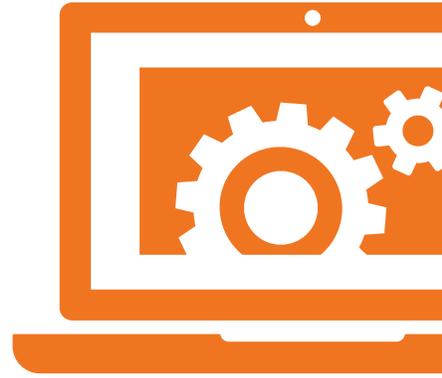
An assessment of the current state should include a staffing analysis (existing capabilities, staffing complement), examination in changes in record type volumes (last six months, last year, last two years), and a strategic analysis, identifying benefits, gaps, opportunities for improvement and hurdles/conflicts to achieving efficient operations.

The staffing analysis is the foundation for the choice of an appropriate staffing model. Positioning a coding organization to utilize a specific staffing model involves an analysis of organizational, financial and operational goals. Efforts to define the current state must include a close look at internal capabilities, gap analysis, performance standards and ongoing initiatives such as clinical documentation improvement (CDI) and Meaningful Use.

In some organizations, multiple processes have been layered one on top of another as record volumes evolved. Identification of duplicate or manual processes in the coding workflow should be the first thing addressed in an assessment of the current state. Do the organization's coders still check off records processed from an ADT report? Is that necessary when the Discharged Not Final Billed (DNFB) list is automated? What about the serial or recurring accounts that dump into the DNFB list at month end? Is there a proactive way of minimizing that impact to the workflow volume at month end?

Current staffing levels must also be considered. Key questions include:

- Are there unfilled coding positions?

- Does the organization rely on an external company for overflow relief?

- What staffing levels would be needed for all coding to be done in-house?

- Are all coding staff considered generalists or are they categorized by specific work types or specialty? *There is a suggestion from those already trained in ICD-10 that the level of detail in the new system will preclude the ability of most to continue as a generalist.*

- Is the concept of a coding generalist applicable to the facility now and in the future?

Some of these questions cannot be fully answered until an assessment of coding volumes is completed, identifying any changes—upwards or downwards—in inpatient (IP) coding volume over the last month, six months, year or two years. The same is true for the varied types of outpatient (OP) coding.

The MedPAC report issued in 2012, focusing on service volumes in fiscal year 2010, indicated that outpatient treatment volumes were 16.6 times those for inpatients (10 million IP, 160 M OP). In June 2014, MedPAC reported that outpatient visits have steadily increased by approximately 36% from 1999 to 2012. Additionally, from 2011 to 2012 alone, outpatient visits increased by 4% in contrast to decreased inpatient services by 1.3%[1,2]. Considering these results, it seems reasonable to expect that coding demands for outpatient services will continue to outpace that of inpatient. The organization's strategies for the future must be part of this deep-dive, taking account of any plans for additional specialty service lines and related volume increases.

TRENDS IN CODING STAFFING DYNAMICS

One significant trend in coding staffing dynamics over the last ten years has been the 'bridge effect' for coders. In the past, coders were concerned with assigning codes based on physician documentation. Increasingly a charge validation requirement has crept into the workflow; opinions on this vary sharply. Some in the coding profession want that claim to be accurate based on the work of the coder, and some prefer that there be accountability at the point of service. One consideration is whether it makes sense to have coding staff also function as billers.

Existing coding staff and their needs should be a high priority, including the existence of a career ladder, and consideration of how inpatient coding staff measure up against projected documentation demands—especially when the complexity of inpatient coding coupled with CDI and other quality reporting initiatives are considered. With all of the external reviews that are focused on inpatient care, it might be appropriate to consider whether the organization has outpatient coders who are candidates for becoming inpatient coders. These experienced coders have existing knowledge of the organization's internal operations—including familiarity with physicians and other staff members—and it could be a win-win for all concerned to further train them as IP coders. This may be a promising approach in the face of recruitment challenges and the normal high dollar amounts associated with IP coding.

Other considerations that will impact staffing model selection will be current and future performance standards as well as competing initiatives—CDI, Meaningful Use, and related events such as dual coding leading up to the transition to ICD-10.

KEY CHANGE DRIVERS

Key drivers for change when fine-tuning an organization's staffing model include:

- *Organizational changes and demands,* including centralizing functions, role reassignments, involvement in Charge Description Master (CDM) maintenance, charge capture issues, and clean claim involvement (specifically, who is responsible for interaction with business office on claims issues)

- *Compliance requirements,* for example, will the current standard requirement of 95% accuracy for coding be realistic during the initial phases of ICD-10? When will it become a viable concept? How will the level of accuracy be assured? Will there be mandatory retrospective audits to assure appropriate accuracy levels? And how does this play into the HHS Office of the Inspector General (OIG) work plan?

- *Revenue cycle operations*, including whether there will be an adjustment to the DNFB turnaround time due to loss of productivity

- *Technology options*, with adoption of autocoding seen within certain electronic health record (EHR) systems, use of computer-assisted coding (CAC), and monitoring of the effectiveness of these programs and how to optimize them for the benefit of the organization. An effective approach to change management will be critical.

CHOOSING A STAFFING MODEL

Based on these analyses, organizations can choose between four types of staffing model, each one more efficient than the last:

- *Stage 1: Full in-house,* employed by the facility, United States-based, paid on an hourly basis, and with on-site management of workflow, employees and process. The advantages of this approach are: it is based on a traditional relationship, the coders are fully familiar with the facility operations, and the potential for coders to have upward mobility in the organization. With this model, organizations need to consider their costs, attrition, and the need for in-house management.

- *Stage 2: Labor Outsource*, with primarily domestic outsourced support, and hourly pricing. Advantages here are a strong control of the process and the fact that quality parameters are maintained, however there is also the risk that the coder shortage impacts vendors as well as facilities limiting their capacity.

- *Stage 3: Technology Outsource*, including consideration of technology-enabled services, with an expanded focus to include global outsource support, and a trend towards transactional pricing. Advantages here include enhanced turn-around time (TAT) for sustaining revenue cycle goals, and efficiency gains from use of technologies. The difference in moving to this technology-oriented stage, compared to the previous two stages, is overcoming any internal perceptions of these being unproven solutions, and addressing change management issues.

- *Stage 4: Mature Outsource,* with full use of all available staffing solutions, using the global 'follow the sun' workflow, where tasks are passed daily between time zones, and a transition to full transactional pricing. This highly productive stage can provide cost benefits and promote better compliance along with better response and TAT, improving revenue cycle efficiencies. As organizations move to this stage they also may have to address internal perceptions that this approach is 'not ready for prime time,' along with concerns over global quality and compliance.

When considering the option of outsourcing, reliable vendors should be able to demonstrate[3]:

- Adherence to HIPAA "minimum necessary" use and disclosure guidance
- Financial stability
- Proven track record of service commitment
- Skills and experience to service needs
- Account management plan
- Suitable pricing model
- Proof of credentials of servicing staff
- Availability of references
- Evidence of whether or not they "offshore"
- Existence of Quality Assurance process and related documents

Beyond these basic topics, questions to help identify vendors that go 'beyond the norms' might examine factors such as: how charts get to the coding destination; how turnaround time is assured; whether the vendor uses a web-based application with a data repository; whether there are potential breaking points in the data stream; and whether power backups are in place.

Thorough due diligence is essential—and this process should continue after the contract is signed to achieve ongoing quality improvements. Important steps in managing the outsourcing process are outlined in Figure 1, including the requirement for periodic quality reports, checks that the contract is being adhered to, compliance monitoring, QA reviews, and communication of changes in internal policies and procedures.
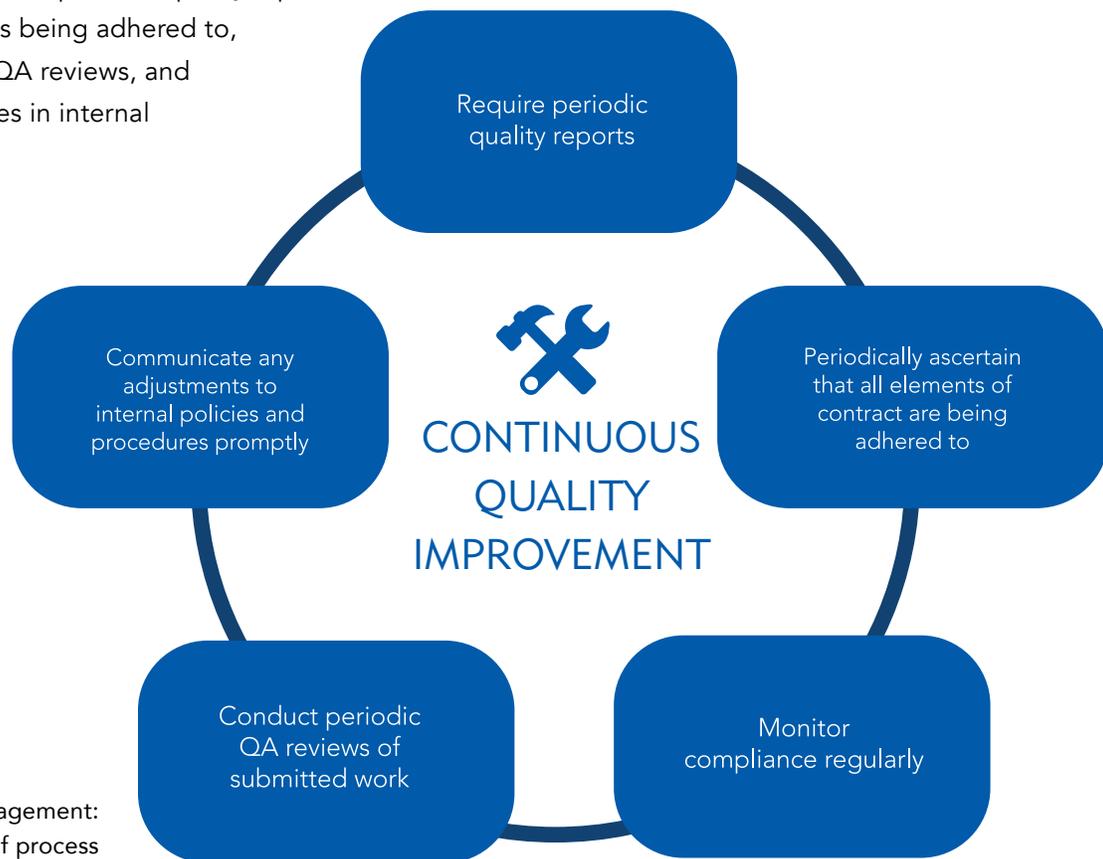
Require periodic quality reports

Periodically ascertain that all elements of contract are being adhered to

Communicate any adjustments to internal policies and procedures promptly

CONTINUOUS QUALITY IMPROVEMENT

Conduct periodic QA reviews of submitted work

Monitor compliance regularly

Figure 1: Outsource management: Effective management of process

CONCLUSION

Over the coming year, organizations need to assess their internal dynamics to determine which option suits them best, while being sure to define operational and offshoring requirements. When considering an outsourcing program, thorough due diligence is critical—and this should continue long after the contract is signed.

Clearly, the right staffing model for each organization will be different—there is no single "best way" to achieve the pre-ICD-10 tune-up. However, these models can be tailored to specific organizational needs, with options available anywhere along the continuum from stages 1 to 4. Starting this process in good time—and not waiting till the eve of October 2015—will set the scene for post-ICD-10 success.

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