

Emergency Department Coding & Charging: An Outsourcing Model to Speed the Revenue Cycle, Achieve Cost Savings

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Abstract:

With emergency departments representing 40 percent or more of all hospital admissions and approximately 20 percent of total net profits, the ability to overcome the unique challenges presented by coding and charging of ED patient records is growing in importance.

This paper discusses an innovative outsourcing model that utilizes outsourced, remote coders and streamlines the coding and charging functions into one seamless process. This model serves to:

- Provide access to certified, experienced coders in spite of the nationwide shortage
- Reduce backlog in the ED coding and charging system
- Increase coding and charging accuracy
- Reduce instances of failed claims
- Speed turn around time between patient visit and claims submission

The end result, as demonstrated by the successful implementation of this model at Doctors Hospital in Columbus, Ohio, is an improvement in the overall revenues generated by the emergency department.

Introduction

A series of recent studies is chipping away at the long-standing belief that hospital emergency departments (EDs) are a cost burden on the facility. In fact, quite the opposite appears to be true; EDs actually have a far greater impact on a hospital's financial performance than originally believed.

According to a study by the California HealthCare Foundation, which set out to determine the relationship between ED costs and hospital financial performance, while emergency departments lost an average of \$84 on each patient treated and discharged, patients admitted to the hospital from the ED generated an average profit of \$1,220 per admission – more than covering the losses generated by patients who were discharged. That study also found that of the \$13.5 billion in net revenue generation by the 2.12 million inpatients, those admitted through the emergency department generated \$6.25 billion, with EDs accounting for \$131.4 million in total net revenues and \$131.4 million, or about 20 percent, of total net profits.¹

Further, the Centers for Disease Control and Prevention (CDC) reported that 13.9 percent of emergency department visits resulted in the patient being admitted to the hospital for further treatment, with the ED typically representing 40 percent or more of all hospital admissions².

Ironically, as awareness is raised of the true impact of emergency departments on hospitals' financial performance, the spotlight has also been turned on the challenges EDs face with capturing that revenue through timely and accurate coding and charging.

Along with the impact of regulatory changes such as the Emergency Medical Treatment and Labor Act (EMTALA), hospitals are struggling to keep up with increasing demand for emergency services. According to the most recent report from the CDC, visits to emergency rooms have reached an all time high – 113.9 million in 2003, up from 90.3 million in 1993. During that same period, the number of

hospital emergency departments decreased by about 14.1 percent.

Exacerbating the problem is the shortage of experienced coders, which some estimate to be as high as 30 percent nationwide³. What's worse, the situation is not expected to improve; the Bureau of Labor Statistics estimates that U.S. hospitals will need 97,000 new medical record and medical health technicians by 2010 just to replace those who leave the field⁴.

When the increased – and increasingly complex – compliance requirements, heightened demand for emergency services and existing shortage of experienced coders are combined with the frenetic pace of the emergency room, the final outcome is an environment that is ripe for mis- or un-coded charges, which ultimately result in delayed or lost revenues for hospitals and, in some cases, hefty fines.

And while outsourcing companies are picking up the slack for many hospitals, creating a \$5 billion contract coding business, the unique requirements of the emergency department present a challenge that extends beyond adequate staffing levels.

To address the special challenges presented by ED coding and charging, an innovative outsourcing model has been developed that utilizes outsourced, remote coders and streamlines the coding and charging functions into one seamless process. The end result is a significant reduction of backlog, more accurate coding and charging and a speedier turn around time between the patient visit and delivery of the completed chart to the billing department for claims submission.

Case Study: Doctors Hospital

Located in Columbus, Ohio, Doctors Hospital is one of five core hospitals that make up OhioHealth, a nationally recognized, Columbus-based, not-for-profit charitable organization serving and supported by the community system. The 200-bed acute care hospital is also home to one of the city's busiest emergency departments, averaging 70,000 patient visits each year.

Previously, the hospital's ED charts, which averaged 200 per day, were sent out for coding and charging, then returned to the facility for discharge and disposition before submission to the billing department. When the existing outsourcing contract was about to expire, the decision was made to bring ED chart processing in-house, but do so under a model that would not only speed the turn-around time, but that would also bring Doctors Hospital in line with the Evaluation & Management (E&M) scorecard in use by OhioHealth's other facilities, as well as improve accuracy and reduce the instances of rejected or returned claims. The new system would also need to address the shortage of qualified coders, annual openings for which average more than 340 in Ohio with demand projected to grow by about 40 percent by 2021⁵.

Working with Kforce HealthCare Staffing, a division of Kforce, Inc., a program was designed that utilized remote coders and combined the charge entry and coding functions, as well as abstracting and discharge disposition, into one step.

In a nutshell, patient charts are scanned into a queue and assigned to one of six Kforce coders based across the country. The coders access the hospital's systems, charge out all the services including assigning the E&M level and capturing any nursing services, injections/infusions and treatments that are separately billable. They also complete the appropriate discharge disposition in the billing system, including type of visit and source codes, followed by abstracting and coding. The completed charts are then sent directly to the billing department for claims processing.

The entire process is managed by a Kforce project manager who is responsible for quality assurance, ongoing coder training and acting as liaison between the facility and coders.

The new ED model required the support and cooperation of a number of departments – in particular information systems (IS), billing compliance and corporate coding – to establish all the components necessary for a successful implementation within the three month deadline. Those components included secure access to the hospital's various applications; policies and procedures; coder training; ongoing communications; and performance measures.

Access and Security: To process patient charts, Kforce's remote coders needed access to three separate systems: eWeb Health for scanning, chart storage and visualization; OhioHealth Results Browser, which is the hospital's clinical information system that provides access to lab results, radiology, cardiology and transcription; and McKesson/HBOC, Doctors' MPI (master patient index), billing/charge entry, coding and abstracting system. VPNs (virtual private networks) were also needed to provide coders with direct, secure access to Doctors' systems, as well as to record usage and track access and time details.

With support provided by Kforce HealthCare Technology, Doctors' IS department re-wrote existing system menus to provide coder access to the various applications necessary to efficiently manage the complete process from scanning to final claims submission.

HIPAA compliance was also a key consideration, particularly given that records would be moving electronically to outsourced, remote coders and back to the facility. The solution was to utilize the eWeb Health technology from ChartOne, Inc., which allows coders to view an image of the scanned charts, but does not allow them to print or permanently download the record to their personal systems. In fact, once the completed record is uploaded back to the facility, it is deleted from the coder's system and, as an added measure of security, the encrypted image self-deletes after 30 days.

Training, Policies and Procedures: Another critical element of successful implementation of the remote coding and charging system was the development of a comprehensive training program for coders.

The first step was the development of a training manual, a task taken on by OhioHealth's Billing Compliance Department. Because the system would now be based on the same scorecard as the other OhioHealth facilities, as opposed to the scorecard used previously, the training manual needed to be created from scratch.

Working from the ED manuals used by Doctors' sister facilities, the hospital's unique charge description master (CDM) was added and appropriate sections of the HIM policy and procedures were incorporated. For ease of use, the final manual was color coded for quick identification of sections on supplies; infusions, injections and transfusions; labs; ancillary; ED visits; and orthopedic visits and procedures.

Once the training manual was in place, the Billing Compliance Department developed and conducted a comprehensive, two-week, on-site training program for the coders that taught them not only how to maneuver through the various applications, but also familiarized them with the hospital's charting system and the mechanics of entering charges and making corrections when necessary.

The latter, in particular, was critical; in many cases even the most experienced credentialed coders are not familiar with the CDM, and how the charge, revenue and CPT codes map to it to populate the record for billing. Another area of emphasis was training on the discharge disposition process, as it is another area few coders have worked with.

The training process also helped identify areas where changes were needed to ensure regulatory compliance, as well as new charges that needed to be created. Payer-specific issues, such as Ohio Medicaid's requirement for specific modifiers, were also part of the training to ensure coders were educated on when and how they should be applied to ensure a clean bill.

Communications: Particularly given the innovative nature of the remote ED coding and charging program, communications play a key role in the initial and ongoing success, and the relationship between the Kforce project manager, remote coders and hospital representatives is integral. Once training was complete and remote coding was underway, the project manager set up weekly meetings with the HIM operations manager and corporate coding manager to discuss the previous week's results such as account status, reconciliation, missing documents and records, charge issues, etc.

Those weekly meetings also serve as a forum for the project manager to share with Doctors' any general concerns and questions raised by the remote coders – with whom she also holds monthly meetings.

Performance Expectations: To ensure that the new system was meeting its primary objectives of speeding turn-around time, improving overall accuracy and reducing rejected or returned claims, Kforce HealthCare and Doctors Hospital established minimum performance standards of 50 charts per coder per day and a 95 percent accuracy rate.

Again, the Kforce project manager plays a critical role, performing regular quality assurance audits of the coding team's performance. On average, the remote coders process between 50 and 80 charts daily and exceed the 95 percent accuracy rate. However, in rare instances where performance slips below expectations, the project manager is able to quickly identify the problem area and follow up with additional training for the coder, carefully monitoring performance until it again achieves the proper level of accuracy.

Since implementing the remote ED coding and charging program just more than a year ago, Kforce HealthCare has achieved and exceeded all expectations. After a relatively brief (two to three months) learning curve, coders were meeting all performance standards, and the billing cycle was reduced from 18 to four days. Improved accuracy and the ability to work directly in the charge system also resulted in a significant decline in the number of failed claims, speeding the overall revenue cycle of the emergency department and positively impacting the hospital's bottom line.

Conclusion

Given the significant impact the emergency department has on the financial performance of hospitals and the rapidly rising demand for emergency services, innovative coding programs capable of overcoming the critical shortage of certified coders and enhancing the revenue cycle while lowering costs, improving accuracy and reducing the number of failed claims are worth more than a second look.

The ED coding and charging program implemented by Kforce HealthCare Staffing at Doctors Hospital clearly demonstrates the value a hospital can realize by partnering with an experienced staffing firm with the resources to provide certified coders and ongoing program support. Kforce HealthCare's access to a significant pool of certified coders and the resources to provide ongoing project and IT management support, and Doctors Hospital's willingness to make an initial investment in the technology and training combined to create a truly innovative system that resulted in significant and speedy return on that investment.

Within a few months of implementation, Doctors Hospital's was realizing a range of benefits that ultimately combined to improve overall revenues. These benefits included a reduction in the billing cycle to four days, a significant increase in number of ED charts processed each day, and a significantly higher accuracy rate that translated into a reduced number of failed claims.

An effective ED coding and charging model, such as the one implemented by Kforce HealthCare, offers a number of significant advantages, including:

- A streamlined process that eliminates one or more steps between the patient's visit and final claim submission
- Faster, more accurate charge capture resulting in cleaner billings and a reduction in the number of failed claims
- Access to experienced, certified coders in spite of the ongoing shortage

Making it work, however, requires a commitment to innovation from the facility and an experienced outsourcing partner – one that is able to provide not only the staffing and support necessary to provide quality service, but that also shares the client's business philosophies, offers performance guarantees and has a reputation of excellence in the industry.

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