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The Changing Coding Landscape

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Leslie: The increasing scope and complexity of coding for reimbursement in health care organizations is a challenging issue for health information management (HIM) professionals who are mapping their organization's road to eHIM. As components of the electronic health record (EHR) are implemented and HIM processes can be further automated, improving coding quality, consistency and efficiency will likely be a major objective for HIM directors.

Patty and I have invited Dianne Willard, MBA, RHIA, CCS-P, director of compliance and consulting services for Care Communications Inc. to discuss today's coding challenges and how eHIM will help resolve them.

Patty: Now that coding is performed not just for the acute care hospital, but also for the entire health system, tell us how the coding environment has been changing the past few years.

Dianne: We have come a long way since the days when HIM departments were only coding inpatient discharges with ICD-9-CM. In the 1980s when diagnosis-related groups (DRGs) first came on the scene, the importance placed on the coding of inpatient records rose. Greater emphasis on coder training and data quality management emerged as a priority in HIM departments. That is also the first that we began to see the application of computer technology to coding.

Leslie: I presume you are referring to tools such as encoders, groupers and code editors that were created to assist coders who needed to know more than ICD-9-CM coding conventions. They also needed to understand the structure and rules associated with the new reimbursement system.

Dianne: That's right. We recognized that the quality of coding practice could be greatly enhanced by these tools, even in their rudimentary stages. Then in the 1990s, as hospitals prepared for ambulatory payment classifications (APCs), outpatient and emergency department coding began migrating to the HIM department. The expertise in outpatient coding and reimbursement was just beginning to develop, and the volume of work outstripped the trained coder pool. That's when we began to see the proliferation of contract coding services and the emergence of remote coding strategies.

Patty: And, the changes keep coming, don't they?

Dianne: Yes, they certainly do. Many hospital systems have been purchasing physician practices. Thus, in the 2000s we have seen physician professional fee coding emerge as another important coding responsibility that has been brought to the HIM department.

Patty: Further, the prospective payment system (PPS), which will now affect rehabilitation, home health and skilled nursing services, is impacting the volume of coding in HIM departments.

Leslie: How does specialty coding impact the coding function beyond volume of work?

Dianne: It increased the complexity of the coders' job exponentially because they need to be experts in varying regulations and guidelines for several types of services and billing types. With these changes, coding timeliness and quality directly impact the financial viability of the entire health system. Thus, the chief financial officer (CFO) has become the HIM director's new best friend. CFOs are very interested in the coding function. This is bad news and good news.

Patty: How can it be bad news for the CFO to be interested in the coding function?

Dianne: Well, I'm teasing a little. It's not really bad news, but it does increase pressure on the management of the HIM department with regard to the health system's account receivables. Keeping the "discharged not final billed" (DNFB) records to a minimum means the department must code records as quickly as possible after date of discharge or the date of the encounter. Not only does coding staff need to keep their noses to the grindstone, but the record completion activities such as managing loose reports and transcription must be performed quickly and flawlessly to have the information needed for coding. Departments that were once day shift five-day operations are now two or three shifts and/or seven-day operations. Automated processes to replace the old manual processes are no longer an option, they are essential.

Leslie: So what's the good news?

Dianne: CFOs are more supportive of HIM directors to get the capital budget items required to perform at a higher level because the return on investment (ROI) can be substantial. The key is making sure that HIM directors can communicate effectively to the CFO showing ROI for capital expenditures.

Patty: Then HIM directors in hospitals actively implementing components of the EHR will need to make automated coding workflow a priority in their eHIM vision.

Leslie: And they will definitely need to be involved with the information technology groups that are planning and designing EHRs.

Patty: Absolutely. We have been discussing remote coding and coding workflow as an eHIM process for the past few years. Creating electronic coding workflow for use with hospital-based document management systems or Web-based imaging programs for specific record types is one way to enhance the coding process. Such workflow allows coding to be performed from anywhere in or outside of the health system campus, with highly efficient interactions among coders, supervisors and physicians. Coding turn-around times can be improved and access to a wider pool of expert coders is possible.

Dianne: The next big improvement in coding quality and efficiency will be when patient information is captured electronically and can be auto-coded.

Leslie: With only about 5 percent of the health systems having comprehensive EHRs, one might think that auto-coding is pretty far off into the future. The auto-coding technology isn't completely perfected yet and CFOs who are strapped for operating capital may think of auto-coding last, as a luxury rather than a necessity.

Dianne: Well, I would challenge CFOs who think that way. First, I don't think we have to wait for a completely electronic environment for auto-coding. It has been successfully implemented in some specialty areas. The benefit is not only a reduction in the more labor-intensive aspects of routine coding. Given the shortage of coders who are experts in all types of coding and billing rules and guidelines, health systems will benefit tremendously if some record types can be auto-coded and then only validated by the expert coders. The

validation processes will take fewer coding experts, freeing up other coders to concentrate on areas not yet electronic or for which auto-coding is not yet perfected, such as inpatient records.

Patty: Which patient types lend themselves to auto-coding?

Dianne: Outpatient and clinic visits are most likely the first patient types to begin auto-coding.

Leslie: In the article “Outwit, Outlast, Outcode: Surviving in the Autocoding Era” written by Gregory Schnitzer and Mary Stanfill and published in the Journal of AHIMA (Vol. 72, No. 9, 2001: 102-104), the authors make a compelling argument for value of auto-coding. They indicated that natural language processing (NLP) software is hundreds of times faster than human coders and more objective and consistent. Does that mean an impending collapse of the coding profession if auto-coding gets widely implemented?

Dianne: That is certainly unlikely. The implementation of EHRs, which our profession has advocated for the last 30 years, is moving forward at a snail’s pace. Development of coding experts is far from keeping pace with the need for quality coding in all the types of health care delivery settings that are now requiring quality coding.

In addition, there are more coding systems to master, such as DSM IV, SNOMED and the many others that are now used along with ICD-9-CM. And we haven’t even talked about the implementation of ICD-10 or 11, which is likely to come in the next few years. The coding profession will evolve along with the EHR and auto-coding. The role of coders will change, but those who have in-depth knowledge of coding and reimbursement will continue to be in demand for many years to come.

Patty: Dianne, what advice would you give our readers on the role they should play in preparing for auto-coding?

Dianne: I would suggest that HIM professionals keep auto-coding on their radar screen as they implement the EHR. Look for systems that are testing, researching and incorporating this functionality into their systems. As auto-coding becomes more prevalent, look for automation with auditing programs to assist coding staff in reviewing the auto-coding functions.

In addition to keeping auto-coding on the radar screen, coding professionals can provide input to vendors who need assistance with the development of automated coding within their applications. Vendors will need help in deciding which classification systems to use, the types of edits required, and how data might be used not only for billing but also for research purposes.

Leslie: Thank you Dianne for your insights on this topic. Coding has certainly evolved over the last several decades. Auto-coding brings new opportunities for coders not only as specialists and editors of coded data but also as consultants to their organizations and vendors creating automated coding systems.

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