Steps for the Successful Implementation of Outsourcing the Coding and Review Functions in a Home Health Agency

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Objectives

• Describe the process of evaluating the outsource option.

• Discuss the steps for successful implementation.

• Describe processes for ongoing evaluation of the contract.

• Discuss questions that relate to the implementation of this change.
Overview

- Factors in growth of outsourcing.
- Options for outsourcing.
- Evaluating options and vendors.
- One agency’s experience.
- Questions/answers.

The Presenters

VNA of Greater Cincinnati and Northern Kentucky

Fazzi Associates
Why Consider Outsourcing?

- ICD10
- Staffing
- Regulatory Scrutiny/Reimbursement/Cost

ICD10

- Training time;
- Training cost;
- Ongoing training and certification;
- Reimbursement impact;
- Potential cash flow delays; and
- Decreased productivity of coders.
## Comparison of ICD-9 to ICD-10

<table>
<thead>
<tr>
<th>ICD-9-CM</th>
<th>ICD-10-CM</th>
</tr>
</thead>
<tbody>
<tr>
<td>Three to five characters</td>
<td>Three to seven characters</td>
</tr>
<tr>
<td>First digit is numeric but can be alpha (E or V)</td>
<td>First character always alpha</td>
</tr>
<tr>
<td>All letters used except U</td>
<td></td>
</tr>
<tr>
<td>2–5 are numeric</td>
<td>Character 2 always numeric: 3–7 can be alpha or numeric</td>
</tr>
<tr>
<td>Always at least three digits</td>
<td>Always at least three digits</td>
</tr>
<tr>
<td>Decimal placed after the first three characters (or with E codes, after the first four characters)</td>
<td>Decimal placed after the first three characters</td>
</tr>
<tr>
<td>Alpha characters are not case-sensitive</td>
<td>Alpha characters are not case-sensitive</td>
</tr>
</tbody>
</table>

## ICD-10 Basics: Code Structures

### Category
- **Alpha**
- **Numeric**
- **A/N**

### Etiology/Site/Severity
- **A/N**
- **A/N**
- **A/N**
- **A/N**

### Ext.
- **A/N**

**Category:** Three characters form the code foundation

**Etiology,** manifestation, anatomical site, severity: 3 Characters add detail

**Extension:** 7th character for visit encounter, sequelae of injuries and external causes. Use placeholder "X" to preserve location of 7th digit

- **A:** Initial encounter (Initial/In-patient)
- **D:** Subsequent encounter (Aftercare)
- **S:** Sequelae (Late Effects)
Staffing

- Ability to attract coders or other staff;
- Need to have expert staff with supervisors to oversee staff;
- Vacation/time off coverage; and
- Turnover.

Industry Coder Demand- 21%

With an anticipated increase in demand of over 21%, home health and hospice will compete across the health care spectrum for ICD-10 ready coders.

Staffing plans should include:

- Consider longevity/retention bonus;
- Anticipate coder retirements; and
- Measure current records per coder demand allow for 30% more staffing to cover transition at a MINIMUM.

http://www.aacca.net/icd10opportunityforms4predictionsabouticd10.html
Coder Productivity?

Will Coders ever reach the same level of ICD-9 productivity?

According to a blog post published by Tom Sullivan in ICD-10Watch, the real question is whether coders will ever regain the level of ICD-9 productivity with ICD-10. He believes the answer is no. The American Academy of Professional Coders, for example, has said that productivity will not return to normal upon implementation as providers assess how payers interpret the new system. Canadian coding experts have added that productivity in Canada, which has already adopted ICD-10, never returned to ICD-9 levels after implementation. Mr. Sullivan said there may be no way to regain productivity given the extra time it takes to use more codes and more digits.

http://www.aacca.net/icd10opportunityformarkpredictionsabouticd10.html

Regulatory Scrutiny and Reimbursement

• Increasing need for accuracy of coding and OASIS;

• Increasing audit activity resulting in lost dollars;

• Third party perspective of documentation.
Other Options for Outsourcing

• Revenue cycle/billing/collections;
• Supervision (Interim Management);
• Quality management/performance improvement;
• Information technology.

What to Outsource?

Factors impacting the decision:
• Savings/decreasing cost;
• Cash flow;
• Compliance;
• Reimbursement; and
• Staffing.
Evaluating Outsourcing Options: Your Agency

- Who to include in the process;
- Establish desired outcomes and criteria;
- Any cash outlay;
- ROI: savings, cash flow;
- Capability of the vendor;
- Displacement of existing staff: impact on morale; and
- Division of responsibilities between staff and the vendor.

Evaluating Outsourcing Options: Outsourcing Firm

- Experience/flexibility/qualifications of staff to be utilized;
- Turnaround time;
- Ease of working with firm;
- Customer service;
- Price;
- Terms: billing/payment, term of contract locked in for a period of time;
- Designated staff; and
- Reporting.
Implementation: Factors to Consider

• Scope;
• Timing - sooner or later;
• Phase in or go cold turkey;
• Communication;
• Role of the outsource firm;
• Not losing staff through phase in - options for handling; and
• Access to electronic systems/use of software.

Coding Options

• Coding only;
• Coding with abbreviated review; or
• Coding with comprehensive review and education.
### Documents Reviewed and Methodology

- Med list;
- Clinician note from first visit;
- Referral information;
- 48 hour turnaround;

### Coding with Comprehensive Review

- Same documents plus POC/485.
- Difference is in feedback and education for staff based on findings.

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### Reports and Education

- Monthly reports by team to managers;
- Provision of monthly educational sessions to staff;
- Quarterly analysis of results to managers; and
- Quarterly education sessions on-site for staff.
<table>
<thead>
<tr>
<th># of Charts Reviewed</th>
<th>3</th>
<th>5</th>
<th>24</th>
<th>% Inaccurate</th>
<th>% Accurate</th>
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</thead>
<tbody>
<tr>
<td><strong>Clinician's Name</strong></td>
<td>C1=C</td>
<td>C1=B</td>
<td>C1=A</td>
<td></td>
<td></td>
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<tr>
<td>N00102, Date Physician SOC</td>
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<td>0</td>
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<tr>
<td>N00104, Referral Date</td>
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<td>0</td>
<td>100.00%</td>
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<td>N00110, Therapies</td>
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<td>3</td>
<td>4</td>
<td>12.50%</td>
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<td>N01200, Vision</td>
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<td>0</td>
<td>1</td>
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<td>1</td>
<td>100.00%</td>
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<td>N01240, Formal Pain Assessment</td>
<td>0</td>
<td>1</td>
<td>0</td>
<td>1</td>
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<td>N01242, Freq. Pain Intervals</td>
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<td>1</td>
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<tr>
<td>N01300, Pressure Ulcer Assessment</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>100.00%</td>
</tr>
<tr>
<td>N01308, # Stage 2</td>
<td>1</td>
<td>0</td>
<td>1</td>
<td>2</td>
<td>6.25%</td>
</tr>
<tr>
<td>N01308, # Stage 3</td>
<td>1</td>
<td>0</td>
<td>0</td>
<td>1</td>
<td>3.33%</td>
</tr>
<tr>
<td>N01308, # Stage 4</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>100.00%</td>
</tr>
<tr>
<td>N01308, # Usting D/F drug</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>100.00%</td>
</tr>
<tr>
<td>N01308, # Usting Sloughing/Decubitis</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>100.00%</td>
</tr>
<tr>
<td>N01308, # Usting Sloughing/Decubitis</td>
<td>0</td>
<td>0</td>
<td>1</td>
<td>1</td>
<td>100.00%</td>
</tr>
<tr>
<td>N01322, # Stage 2</td>
<td>1</td>
<td>0</td>
<td>2</td>
<td>3</td>
<td>9.09%</td>
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<tr>
<td>N01322, # Stage 3</td>
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<td>0</td>
<td>0</td>
<td>100.00%</td>
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<tr>
<td>N01334, Stasis Ulcer Present</td>
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<td>0</td>
<td>100.00%</td>
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<td>N0138, # Stage 5</td>
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<td>0</td>
<td>0</td>
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<td>0</td>
<td>100.00%</td>
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<tr>
<td>N0138, # Stage 3</td>
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<td>0</td>
<td>0</td>
<td>100.00%</td>
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<tr>
<td>N0138, Surgical wound present</td>
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<td>0</td>
<td>1</td>
<td>1</td>
<td>100.00%</td>
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<tr>
<td>N0138, Ulcer or ulcer wound</td>
<td>0</td>
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<td>1</td>
<td>1</td>
<td>100.00%</td>
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<tr>
<td>N0138, Skin lesion open wound</td>
<td>1</td>
<td>0</td>
<td>4</td>
<td>5</td>
<td>28.57%</td>
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<tr>
<td>N01400, Dyspnea</td>
<td>0</td>
<td>0</td>
<td>2</td>
<td>2</td>
<td>100.00%</td>
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<tr>
<td>N01610, Ur incontinence-cafedelus</td>
<td>0</td>
<td>0</td>
<td>1</td>
<td>1</td>
<td>100.00%</td>
</tr>
<tr>
<td>N01690, Freq. bowel incontinence</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>100.00%</td>
</tr>
<tr>
<td>N01690, Freq. bowel incontinence</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>100.00%</td>
</tr>
<tr>
<td>N01690, Freq. bowel incontinence</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>100.00%</td>
</tr>
<tr>
<td>N01700, Cognitive function</td>
<td>0</td>
<td>1</td>
<td>2</td>
<td>3</td>
<td>100.00%</td>
</tr>
<tr>
<td>N01710, When confused</td>
<td>0</td>
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<td>0</td>
<td>0</td>
<td>100.00%</td>
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<tr>
<td>N01730, Dysphasia</td>
<td>0</td>
<td>1</td>
<td>0</td>
<td>1</td>
<td>100.00%</td>
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<tr>
<td>N01800, Grooming</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>100.00%</td>
</tr>
<tr>
<td>N01810, Dress upper body</td>
<td>0</td>
<td>0</td>
<td>2</td>
<td>2</td>
<td>100.00%</td>
</tr>
</tbody>
</table>
Lessons Learned

• What has been tweaked?

• What worked/didn’t work?

• Evaluation of criteria:
  – ROI
  – Savings of staff/decreased cost;
  – Deficiency free survey; and
  – Other.

Questions
Thank You

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