Technology That Can Help

From electronic billing to practice management or electronic health records software, technology can improve a practice's accuracy and effectiveness in billing and coding.

Chapter in Brief:

- *Practices planning to purchase or upgrade a practice management system should choose a system that seamlessly interfaces with its other programs or vendors, such as coding software, outside labs, the electronic clearinghouse, and electronic medical records (EMRs).*
- *Practices still filing paper claims should switch to electronic filing. According to one report, a solo practitioner who spends about $70,000 yearly for manual insurance administration would save $48,000 annually by making the switch.*
- *According to several EMR cost/benefit analyses, an EMR not only saves in transcription fees, but reduces time spent looking for files, the processing of lab results, and file storage costs. The EMR can also improve coding accuracy.*

When it comes to technology for running your business, practice management software tops the list. This software can make the practice run more smoothly, often incorporating billing, scheduling, EMRs, e-prescribing, insurance verification, claims submissions, and accounts receivable.

"Medical practice software is a major investment and could be the single most important tool a practice uses; it's a very important business decision," says Patricia Hubbard, CPC, CPC-OBGYN, a New York State medical practice manager. Practice

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management systems can run from three thousand to tens of thousands of dollars, according to Ms. Hubbard.

While many medical offices already have a practice management package, there's evidence that most aren't using the full capabilities of the systems. Taking a second look at your system's features can ensure that you're getting the most from your investment.

Those planning to purchase or upgrade a system should carefully assess their needs, Ms. Hubbard says. She recommends choosing a system that seamlessly interfaces with other programs or vendors the office uses, such as coding software, out-

Particularly helpful are online eligibility checks, claims status checks, electronic remittance, and managing payer denials online, says Nancy Enos. "Utilizing these electronic approaches gives the practices uniform data to analyze their reimbursement and what they're not getting paid for," Ms. Enos says.

side labs, the electronic clearinghouse, and EMRs. "In light of coding and billing, you'd want to have a system that's easily updatable and has the capability of producing electronic claims and paper claims in a user-friendly way," Ms. Hubbard says. She also recommends a system that can provide customizable and effective aging reports for insurance receivables and patient accounts.

Another consideration when evaluating practice management software is whether the office also wants to purchase an EMR. "If you're considering a change in practice management software, it's important to figure out how you want those to integrate," says Deborah Walker Keegan, PhD, FACMPE, president of Medical Practice Dimensions, Inc., and co-author of *The Physician Billing Process: 12 Potholes to Avoid in the Road to Getting Paid* (MGMA Press, 2009). While it's possible to buy a stand-alone EMR system, it's best to acquire the most integration possible.

Anita Weis, office manager of a small Chicago practice, says it's important to find a system that stores notes about specific billing issues. She recently switched to the Windows-based

Medisoft and has found this feature valuable. "If a patient calls and asks a question, you can tell them exactly what happened, who you talked to, and when," she says, adding that with her previous system, it was hard to keep her notes in the software.

When purchasing any system, make sure the company can provide adequate technical support and assistance with customization. Ms. Hubbard recommends asking what support is available, whether the company can customize reports for you, and to what extent the program itself can be customized to your needs. "An orthopedic practice may need different types of information from those of an obstetrical practice," she says.

The system should also easily connect to the Internet so that staff members can access online tools from payers and other sources. Particularly helpful are online eligibility checks, claims status checks, electronic remittance, and managing payer denials online, says Nancy Enos, FACMPE, CPC, CPC-I, CPC-E/M, a consultant and coding instructor in Warwick, R.I., and the former director of physician services at Ingenix. "Utilizing these electronic approaches gives the practices uniform data to analyze their reimbursement and what they're not getting paid for," Ms. Enos says. "Analysis of denials is very important."

Logistics

A staff member should be the designated point person for technology resources, including keeping software current. While the person doesn't need to be a technical wizard, it helps to have someone who understands the basics, maintains the relationship with vendors, and knows when to summon a consultant.

Ms. Weis recommends most offices get a technology consultant, who can help get the systems operational, answer questions, and make recommendations on when to upgrade hardware and software to meet evolving office needs. When her office installed Medisoft, consultants did the installation, provided updated software as needed, trained the staff, and provided training manuals. The office also paid extra for help desk access to enable the office staff to call with questions.

Backing up computers nightly is another important technology function, especially if the office doesn't bill daily. Not only could the practice lose valuable billing data, but it could lose the

Making the Switch to Electronic Billing

"Anybody who is still sending paper claims should really switch over to electronic submission," says Patricia Hubbard, CPC, CPC-OBGYN, a New York State medical practice manager. "It's very affordable, the turnaround time is much faster than paper claims, and the clearinghouse confirms that your claims were received by the payer. Paper claims go off in the mail, and you don't know what happens to them." She adds that clearinghouses processing electronic claims provide excellent reports.

The AMA notes the many advantages of filing electronically, including reduction in manual administrative functions, identification and resolution of potential claim issues before submission, online claims receipt and tracking, and faster turnaround and payment.

A solo practitioner spends about $70,000 yearly for manual insurance administration, whereas the cost would be $28,000 for electronic transmissions, according to a 2006 Milliman Technology and Operations Solutions report. Cost savings can be derived from decreased telephone time for actions like verifying eligibility, preauthorizing care, checking claims status, and filing claims. For example, the report estimates that a clean electronic claim costs $2.90 to report while a similar paper claim costs as much as $6.63.

Sometimes claim payments can be directly deposited to practices' accounts through an electronic fund transfer (EFT) program. This can expedite payment and decrease trips to the bank. However, some private payer programs (but not Medicare) allow unilateral deductions of service fees, refund requests, and payment adjustments. This issue is obviously something to check when signing up for this option.

updated appointment schedule, patient recalls, and patient demographics. Backing up nightly to a hard drive is wise. Backing up online so the data is stored off site is even better. "Most IT people will tell you to keep a copy of your backup off site in case the building burns down," says Ms. Hubbard. "Some practice management software vendors offer the option of doing an automatic backup to their own server over the Internet. That's one less thing to worry about; it's a great service."

EMRs: Still Emerging

EMRs are still far from becoming standard office technology. The California HealthCare Foundation reported in January 2008 that 28 percent of doctors nationwide use EMR in their offices,

with California in the lead at 37 percent. Not surprisingly, physicians in larger practices are more likely to use electronic records. The report showed that in California, 79 percent of Kaiser physicians use EMRs, as do 57 percent of doctors in practices with more than 10 physicians.

The greatest advantage to EMRs is that entries are legible, helping not only with continuity of care, but with audits. "You have to be able to read what the doctors have written," Ms. Weis points out. Coders with vision problems can increase image size on computer screens in order to read text more easily.

An EMR system can be set up in various ways depending on the physical layout of the office, the preferences of clinicians, and the technology selected. In some medical practices, each examining room has a terminal where the physician types in entries. Some physicians still dictate notes, and a transcriptionist later enters the information.

Instead of having a computer terminal in each exam room, Ms. Weis reports that each physician in her office carries a tablet with him or her, coding directly onto the tablet. The doctor enters the patient's name and date, indicates what the doctor did (e.g., a short-term visit with blood count and cardiogram), and ranks each billing item. The physician has a customized template, including components of a comprehensive physical exam. He or she documents the components applicable to a particular patient—for example, measurement of blood pressure, chief complaint, review of systems, and abdominal exam. The information is then directly uploaded to the computer, which generates a claim that can be wirelessly transmitted for payment.

While Ms. Weis's EMR system communicates with the billing system, not all EMR systems do so. "That's one of the problems with a lot of EMRs: they don't talk to the business side, and practices end up running two systems," says Thomas Felger, MD, FAAP, a family practitioner who teaches residents at Indiana University School of Medicine at South Bend. "My experience with EMR has been where the two didn't talk, so there was a mechanical transfer of information that was a huge waste of time and money."

According to several EMR cost/benefit analyses, an EMR not only saves in transcription fees, but reduces time spent looking

for files, the processing of lab results, and file storage costs. Some systems enable a practice to search for overdue health maintenance services, like a mammogram or flu shot, that could protect patients while bringing in additional revenue. Several EMR companies report that physicians using EMR software are able to see 10 to 15 percent more patients per day, which of course increases revenue as well.

Rita Bowen, MA, RHIA, CHPS, SSGB, enterprise director of HIM Services at Erlanger Health System in Tennessee, reports that using an EMR in the hospital streamlines documentation for physicians and other hospital staff. She points out that the querying process, in which a physician is asked to fill in missing information, is now faster with the EMR. In the past, a coder with a question for the doctor had to phone him or her. Now the coder sends the physician an electronic note to fill in missing information, which would be labeled as a late entry. "The doctor responds to the text, and it routes back to the coder. It speeds up the process," Ms. Bowen says. The key is to set up the electronic workflow to go to the right people, minimizing response time. The coder is automatically alerted to updates.

Accurate Coding With EMRs

Coding is more accurate with an EMR, especially for hospitals, says Donna Wilson, RHIA, CCS, director in the consulting division of Compliance Concepts, Inc., a Pennsylvania-based firm that helps healthcare organizations comply with federal regulations, including coding and audits. "You're getting the entire medical record in front of you the next day," she points out, noting that a hybrid record has paper charts that are scanned into the system each night. "By the time the coder gets in, they have the entire record."

It's also faster. Because physicians can access the EMR from any remote location, including their home or office, they complete the record in a timelier manner, Ms. Wilson adds. That means the claim can be generated sooner.

Marie Felger, CPC, CCS-P, an independent auditor and former office manager in Indiana, says that overall, coding is better with an EMR because it prompts the doctor to ask a question or document a detail that he or she might not have thought to do. The

downside? "It can prompt them to do something not medically necessary for the condition that day," she says. The doctor has to think about whether he or she wants to heed a particular prompt and whether it meets medical necessity for that patient.

According to a SpringCharts company analysis, physicians coding with the system find that their documentation often supports coding one level higher after using the EMR, resulting in almost $30,000 in additional annual fees per physician.

Some EMR software can choose codes for the physician. But this has pitfalls; physicians still need to review the codes to make sure they fit with what actually transpired. "It's a problem if the doctor lets the EMR choose codes for him or her," says Deborah Grider, CPC, CPC-H, CPC-P, CCS-P, CCP, president of the National Advisory Board of the AAPC. If the coding system suggests a code, it's sometimes higher than it should be, she says.

Ms. Grider gives the example of an orthopedic surgeon who sees a patient in the office for bilateral knee pain. He evaluates only the lower extremity, the knees, and height and weight. The doctor takes X-rays in the office and diagnoses degenerative disorder, recommending knee replacement. Ms. Grider says that for a new patient, with moderate complexity, a computer system would suggest a level-four visit. However, she says the exam wouldn't support that code because the doctor didn't examine everything as required for a level-four visit. "The EMR system sometimes gives them more credit than what they've actually done," she says.

Physicians can be fined by an insurance company, having to pay back money for letting the medical record do the work. "It's more than counting points on the template," Ms. Grider says. "They have to understand with their visit codes, especially those levels, what supports necessity."

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Technology Saves Hospital Millions

How can a software system save a hospital millions of dollars? Rita Bowen, enterprise director of HIM Services at Erlanger Health Systems and president-elect of the American Health Information Management Association (AHIMA), offers a dramatic example. She says due to insufficient documentation, incorrect coding, and communication problems, the teaching hospital and health system in Chattanooga, Tenn., was losing $13 million a year. It implemented the TRACE system, designed by the White Stone Group, which improves the flow of fax, phone, electronic, and paper communication. Erlanger reported that within the first year, the healthcare system saved a million dollars.

The system links to phone, fax, paper, and electronic records on one computer screen shot. The central tracking feature means all this information is at the staff's fingertips.

Prior to Erlanger's implementing TRACE, 29 percent of its denials were due to claims submissions outside the allowable timeframe, and 48 percent resulted from their lacking initial authorization. The new system tracks this information to decrease denial rates.

Erlanger recovered almost $400,000 in denied claims from the previous four years and decreased the percentage of denial days from eight per 1,000 patient days to 0.5. Ms. Bowen estimates that the system helped Erlanger prevent more than $3 million in denials by improving the quality of submitted claims.

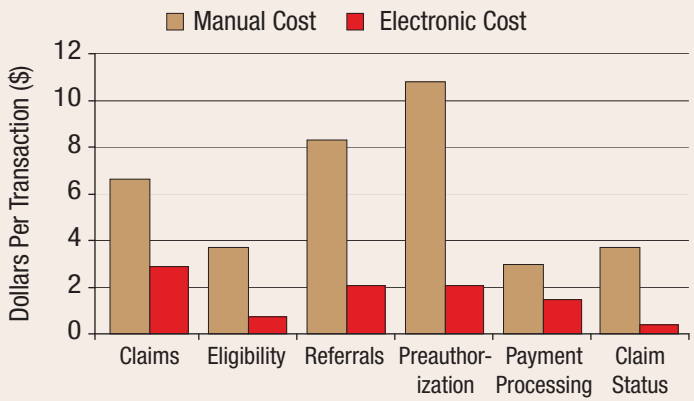
In addition to financial gains, the hospital improved communication with payers and physician offices, as well as with its own staff.

While automatic coding can lead to problems, software add-ons can work in tandem with the practice management software, allowing staff to look up codes on the system to help them choose the right ones for the service rendered.

"Think about investing in a coding software product, an encoder," says Ms. Wilson. "When coders enter diagnoses, prompts are activated; and the code is generated. Also, the complicated issue of [Medicare] Correct Coding Initiatives edits is embedded within the products, ensuring better compliance."

Ms. Grider notes that one coding package, Encoder Pro, can give coders a particular procedure's or service's lay definition to help the coder understand what it is and what it entails.

A physician in Ms. Weis's office installed ICDMeister and PCodeMeister on his hand-held PDA (like a Blackberry or Palm



To quantify the savings achievable per physician, Milliman estimated the annual transaction volumes of a typical solo physician practice and then estimated the cost to perform these transactions manually and electronically. The annual cost for manual transactions was over $70,000; the annual cost for electronic transactions was less than $28,000. Subtracting the annual electronic cost from the annual manual cost resulted in savings of over $42,000 per year from implementation of electronic transactions.

Source: Electronic Transaction Savings Opportunities for Physician Practices, by John Phelan and Andrew Naugle, Milliman 2006. Reprinted with permission from Milliman (www.milliman.com).

Pilot). This allows him to look up procedure and diagnostic codes anywhere he may be.

It can be stressful to find the right software for your office. According to a 2008 Medical Group Management Association (MGMA) survey, one of the top five challenges of running a practice is selecting and implementing a new EMR. A report by the Gantry Group, LLC, in Concord, Mass, "Provider Clinical Technology Expenditures 2007," shows that digital imaging and EMR technology accounted for 64 percent of providers' technology budgets (survey respondents were mostly hospitals).