Electronic Antidotes to Coding Ailments

Save to myBoK

by Mary H. Stanfill, RHIA

Feeling the pain of claims processing with backlogs and high dollar amounts in accounts receivable? Is your practice at risk for fraud and federal sanctions? Coding and claims processing software may be the antidote to medical practice business ailments. There are several products available for coding and claims processing alone. This article will review the types of coding software products designed for physician practices and provide some guidance for software selection.

What Are Your Choices?

There are basically three types of software programs available for coding: database files, encoders, and charge-capturing programs. Each provides varying levels of coding assistance, and a practice may choose to use one or a combination of products. The most basic applications are simple database files with varying complexities of look-up features. For a nominal expense, a practice can purchase code books (ICD-9-CM or HCPCS/CPT) on CD-ROM. National Correct Coding Initiative (NCCI) edits and local medical review policies (LMRPs) are also available in electronic format, with tables mapping covered diagnosis codes to procedure codes.

The main advantage of these products is the speed of obtaining information. It is much faster to type in a code and have the information appear than to search alphabetically through lengthy binders. Used appropriately, these database files can be an excellent tool to facilitate compliance. But this is still a manual process that requires a user to take the extra step to check the electronic file for NCCI edits occurring on a claim or verify coverage in the LMRP file.

An encoder is a much more sophisticated program. Encoders are designed to replace the printed code book with both the index and the tabular volumes of ICD-9-CM built into the system, along with coding guidelines and protocols to guide selection of the correct code. An encoder may have additional features such as cross-references to CPT Assistant advice, NCCI edits, or resource-based relative value system (RBRVS) weights.

With the increasing complexities of coding in this age of compliance, encoders are becoming more valuable as a coding tool. The drawback of encoders in physician practices is that inexperienced coders may fail to recognize when the encoder has led to an unspecified code when a more specific code is available. The cost of encoder software can range from $250 to $900 per user in addition to set-up fees.

Typically used by physicians at the point of care, charge-capturing systems are programs that are designed to replace the paper charge sheet or superbill. Most will run on a handheld computer and prompt caregivers to record all charges, including incidentals such as drugs or other supplies that are often overlooked. These systems usually focus on automatically calculating evaluation and management (E/M) visit levels and include a feature to prompt documentation that will support the level of E/M code that the physician selects. Some systems have the ability to interface with scheduling or billing programs in an existing practice management system.

Charge-capturing systems are gaining popularity, although their use in clinics is not yet widespread. Implementation concerns and physicians' comfort levels with the use of computers are some of the stumbling blocks. These systems can provide a concurrent method of obtaining documentation to support code assignment. Caution is advised, however, to ensure that system prompts don't inadvertently embellish the level of care given. The cost of these systems varies widely and is difficult to estimate, because the total cost is largely influenced by hardware needs.

Evaluating the Need for Coding Software

A practice should choose to use these electronic tools after considering its unique needs. With the advent of compliance concerns, every practice should have a process in place to ensure code assignment accurately reflects the care that was given and is consistent with regulations and applicable contractual obligations. The Department of Health and Human Services Office of Inspector General audits claims to be certain that Medicare and Medicaid are not paying for services that are bundled with others or are not covered.[1]

Further, a practice cannot afford costly claim denials for failing medical necessity edits that could have been avoided if LMRPs were referenced.

Analyzing current processes is the best way to determine which computer software a practice may need to facilitate compliance. A practice must identify how the current process enhances compliance and areas of compliance risk. If the current system works, there's no need to change it. But if problems are identified, software tools often present efficient cost-saving solutions.

Selecting a Software Application

The first step toward a software purchase is obtaining tentative approval to conduct a feasibility study. Make a list of the objectives the software must achieve and then explore the feasibility of a software purchase with the appropriate practice leadership. The approach must include clear objectives and specific cost-benefit statements.

The next step is research and planning to specify practice needs or user specifications. The objective is to identify the specific features the practice requires in a coding software application.

User specifications might include:

- alpha and/or numeric code search for ICD-9-CM, CPT, and HCPCS
- frequency of code updates
- adherence to official coding guidelines
- cross-referencing with CCI edits
- cross-referencing with LMRPs
- ability to customize with other payer guidelines or internal coding policies
- cross-referencing with documentation guidelines for E/M selection
- guidelines or advice on modifier selection
- cross-referencing to CPT Assistant, a medical dictionary, or other references
- sequencing codes, providing linkage between diagnoses and procedures
- code-specific fee schedule/RBRVS information

Once user specifications are identified, establish a set of criteria for evaluating software. This ensures equal and consistent evaluation of each product. The user specifications are specific to the coding function, whereas the selection criteria include broader considerations such as cost and compatibility with existing hardware. This process may uncover potential stumbling blocks, such as budget constraints or potential space constraints on an existing file server. A useful all-inclusive list of selection criteria will include input from department managers, administration, and key physicians.

Selection criteria might include:

- user specifications
- initial costs and costs for maintenance or code updates
- user-friendly system design
- compatibility with existing hardware or network configuration
- compatibility with existing practice management system
- other IT issues: storage space concerns, remote access needs, etc.
- software training availability
- service and support availability
- acceptable customer service based on reference checks
- longevity of the company: will it still be around to support your software five years from now?

Next, research software applications. Look for those applications that claim to perform the functions on the user specification list. Vendor listings may be obtained from healthcare associations or the Internet. Eliminate software applications that don't meet user specifications.

At this point, narrow the list down to two or three possible software packages. Eliminate software applications that do not meet the selection criteria.

Now, focus on the two to three "possible" applications. Take advantage of any opportunity to try out a software application for free for a specified time frame. Thoroughly test these applications for accuracy and reliability. For example, check to see if the software is using official coding guidelines and conventions in all circumstances. If the application generates a chart note, it cannot lead the physician to document something he or she didn't actually do. Create a table to compare and rate each product.

Review software cost estimates carefully, looking for hidden or omitted costs. At first glance, the cost of one product may appear much higher when in fact that is only because the vendor has included the cost of a file server that the other bids do not include. Don't hesitate to request clarification or further itemization if necessary.

Always request a list of references and take the time to contact these customers. The references supplied by the vendor will likely be its best customers. Any reference less than completely satisfied may be cause for concern and further investigation. Finally, don't be swayed by hype and a glitzy presentation. Carefully examine each product and choose the one that best meets the selection criteria identified.

Current coding software applications can be a vehicle that ensures safe travel down the road of compliance. The wrong choice, however, creates roadblocks and detours, wasting valuable time and resources.

Treatment for whatever ails the coding function in a practice is best accomplished by carefully considering needs and fully researching all available applications before making a purchasing decision.

Note

1. Fiscal year 2001 OIG Workplan available at www.os.dhhs.gov/oig.

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