# Outsourcing ROI: Does it Make Sense for You?

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*by G. Michael Bellenghi*

Governed by state and federal regulations, release of information (ROI) is a time-consuming and sensitive process. Failure to fulfill requests accurately and on time can have painful ramifications, affecting quality of patient care and prompting irate phone calls and legal action or fines. Not surprisingly, HIM managers often rely on vendors for this mandatory disclosure function.

But how do you decide whether outsourcing ROI is right for your HIM department? This article examines guidelines for making that decision, options for outsourcing, and tips for choosing a vendor and making the relationship a success.

## Identifying Your Pain Points

The first step in exploring outsourcing is to conduct a needs assessment. Typically, HIM directors choose outsourcing to help them with:

- **Staffing:** to gain access to experienced personnel with ROI knowledge and skills and reduce internal staff training and other labor-intensive management functions
- **Efficiency:** to reduce backlogs and improve timeliness in fulfilling requests
- **Prioritization:** to allow HIM directors and their staffs to focus on other responsibilities
- **Costs:** to reduce ROI-related labor and other costs
- **Customer service:** to offload responsibility for billing and collections, answer ROI status questions, and perform other customer service-related functions

## Will Outsourcing Save Money?

Healthcare organizations should perform a cost benefit analysis, considering each of these steps in the ROI process:

- **Logging and tracking** the request and verifying that the authorization is compliant with state and federal laws
- **Retrieving** the patient record from multiple locations in multiple formats, identifying the information needed to fulfill the request, and requesting additional authorization
- **Reviewing** every page for sensitive information
- **Copying** paper records or printing pages from an electronic medical record, packaging, and mailing
- **Invoicing, collecting, and processing** payments and following up on overdue accounts

The analysis should include the fully loaded costs (wages plus benefits) for each full-time employee dedicated to ROI; recruitment, training, and supervision costs; capital investment for copying equipment or imaging technology; and ongoing expenses (e.g., paper, toner, postage).[1]

Once you have totaled the costs, determine the revenue generated from billable requests. Typically only 30 to 40 percent of ROI requests are billable, and of those, only 70 to 80 percent are ever paid. If your expenses total $100,000 and you’re billing $120,000 per year but only collecting 70 to 80 percent of that, you are not covering your expenses—a point to consider if your organization sees ROI as a revenue-generating function.

By calculating your ROI operations and expenses, you’ll be in a good position to weigh the pros and cons of outsourcing and articulate your needs to higher-level management.

## When Not to Outsource

If you have a low request volume, outsourcing ROI is unlikely to bring additional benefits. Outsourcing also requires transferring operational ROI functions to the vendor, which may make some HIM managers uncomfortable. Keep in mind that even when your ROI function runs like clockwork, outsourcing ROI may be a smart move. Offloading a function can help you do more with the same budget dollars by allowing staff redeployment to backlogged HIM functions or emerging e-HIM™ roles.

## Outsourcing Options

ROI vendors range in size, from small companies that focus on understanding the requirements of a specific region to large national organizations that process thousands of ROI requests daily through a centralized system. Most ROI vendors offer a range of options, including:

- **Full or partial service:** outsourcing one or two labor-intensive tasks, such as copying and billing or retrieval, or the full ROI function.
- **Paper or electronic:** Vendors typically leverage traditional photocopying techniques to deliver ROI services at hospitals, although a growing number are offering solutions for digitizing patient records through scanning technology. Digitized images can be sent electronically or printed and mailed to requestors; printing can occur locally, or images can be securely transferred over the Internet to an off-site repository for fulfillment. As an added benefit, images can be used for other HIM functions (e.g., remote coding), as well as for patient care purposes. As organizations gradually eliminate paper in their move toward an electronic environment, scanned records can be combined with electronic records to form a comprehensive record set.
- **Complementary technology:** Many vendors offer targeted technology to streamline aspects of the ROI process, such as ROI tracking software or disclosure reporting software to give patients a HIPAA-compliant account of who has viewed or received copies of their records.
- **Complementary services:** purging medical records, converting files to an electronic system, backlog filing, off-site storage, and microfilm preparation.

**ROI Vendor Advantages**

ROI vendors have two key advantages: specialization and economies of scale. They can:

- Provide trained, skilled labor with less overhead expense and greater flexibility in worker assignments
- Achieve higher collection rates by dedicating employees to follow up on overdue accounts
- Keep specialists in ROI management and legal issues on staff
- Introduce best practices based on their experiences with diverse customers

## Choosing the Right Vendor

When choosing a vendor, talk to colleagues or professional associations to get names of qualified vendors and solicit proposals from at least three. Each proposal will deepen your understanding of available services and options.

- **References:** Ask for a client list. Make sure those clients have needs similar to yours and interview them thoroughly. Also make sure that any vendor under consideration is financially stable.
- **Training:** Ask how a vendor keeps its employees informed on the latest state and federal regulations. Are employees credentialed and trained in the necessary skills? What training will be given to help employees understand your environment?
- **Personnel policies:** Determine the experience level of the vendor's employees, as well as the turnover rate. How does the vendor retain key staff? Does the vendor have sufficient backup to cover staff absences? You can ask the vendor to hire staff solely for your account.
- **Management:** Interview the person who will manage the ROI process as though you were hiring him or her yourself.
- **Method:** Get a clear understanding of the vendor's procedures. Can it introduce enhancements to your operations, for example, by facilitating technology implementation?

- **Quality control:** How does the vendor ensure quality, accuracy, and patient confidentiality in its work? Contractual arrangements do not relieve your organization of the responsibility of ensuring appropriate information release. Will the vendor provide results of periodic quality reviews performed on disclosures of your organization's protected health information? If the vendor subcontracts work, be sure that the same rules and safeguards are in place in those organizations.
- **Reporting:** How will the vendor report on ROI status, such as the inventory of unfulfilled requests or an individual request's progress? Can you generate reports using the vendor's request tracking software when you need them, and what information can those reports contain?
- **Flexibility:** Will you be force-fit into a standard method? How flexible is the vendor in discussing deliverables and financial arrangements?
- **Fees:** Who pays for the copying machine, paper, toner, maintenance, envelopes for mailing, and postage? The vendor needs to make a profit; you need to control costs. The vendor's income comes from billable requests; many vendors specify a limit to the number of nonbillable requests they will fulfill without charge to the medical facility.

## Maintaining the Relationship

Once you have selected a vendor, develop a sound contract that clearly delineates responsibilities and outlines performance guarantees (e.g., turnaround times) and other service metrics in writing.[2] An HIM department member (if not the department head, a staff member who has close contact with department management) should "own" the vendor relationship. After ensuring a smooth transition to supplemental staff, this vendor liaison should stay on top of the vendor's performance through periodic reviews of performance metrics. Issues that arise should be discussed immediately. Ultimately, clear, open, and positive communication between your organization and the vendor is the heart of a successful relationship.

## Notes

1. Hjort, Beth. "AHIMA Practice Brief: Release of Information Reimbursement Laws and Regulations." March 2004. Available online at www.ahima.org.
2. Rhodes, Harry, and Gwen Hughes. "AHIMA Practice Brief: Letters of Agreement/Contracts." April 2003. Available online at www.ahima.org.

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