The Good, Bad, and Reality of Offshore Coding: Some Turn to Distant Shores to Fill US Coding Demands

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HIM professionals know the facts about ICD-10-CM/PCS. Achieving readiness is the number one IT concern among hospital and physician group executives.[1] But there are costs to achieving a high level of preparedness—which some studies show can range in the millions of dollars for large healthcare facilities. Also impacting expenses is the expectation that coder productivity will drop during the first months of ICD-10 use. To help mitigate this, 63 percent of HIM directors plan to expand their coding labor, according to a recent TrustHCS and AHIMA Foundation study.[2] Some HIM directors have yet to determine just how to meet the increased coding demand wrought by ICD-10, and where the new coders will come from.

With 13 months remaining until the October 1, 2014 implementation deadline for ICD-10, hospitals nationwide still face a 30 percent coder shortage. Studies show traditional coder recruitment and growth strategies are expected to be taxed beyond existing capabilities in some regions, though currently out of work US-based coders could argue facilities are unwilling to invest in full-time employees and instead use outsource companies. One option to fill this gap is to explore distant shores—an option most HIM professionals have shunned until now.

Though many offshore coding centers first opened offering primarily physician coding and billing services, many have expanded to inpatient services. The past 12 months have seen dramatic changes in offshore coding capabilities. Many HIM professionals are looking to learn more about the current viability of offshore coding services and seek practical strategies for carefully dipping their toes into overseas waters.

Learning from the Past

While other ancillary departments like medical transcription, billing, and collections have embraced offshore services, clinical coding has shied away from a non-US workforce. In the past, this decision may have been justified. Faulty security and suboptimal quality were valid HIM concerns. In the early 2000s, stories surfaced of rogue medical transcriptionists selling protected health information (PHI) and shoddy security conditions for offshore work locations. Quality and accuracy concerns with offshore services were also cited. For example, in late 2012 a jury awarded $140 million to the family of a woman who received a lethal dose of medicine as a result of an offshore transcriptionist's error that was left undetected by a US-based transcription company in 2008.

Offshore business process outsourcing (BPO) companies have diligently tightened policies, procedures, and operations in response to HIM concerns. Advances in technology and Internet security now better protect electronic health information shared between hospitals, offshore workers, and their US counterparts. Multiple layers of quality checks and stronger service level agreements (SLAs) are in force. All of these efforts have worked together to ameliorate offshore services in healthcare, and offshore vendors claim clinical coding is the benefactor.

Is Offshore Coding for You?

The following checklist can help inform HIM professionals if their facility is positioned to work with an offshore coding firm.

- Remote coding program already instituted
- Technology infrastructure (EHR/document imaging) in place
- Departmental workflow for remote coding established
- Remote coding organizational policies and procedures exist

- HIPAA (privacy and security) compliance assured with vendor

Understanding the Current State

The move to ICD-10 carries a projected 20-40 percent increase in coding labor requirements, with peak hiring to occur in the second and third quarters of 2013, along with the first quarter of 2014.[3] Virtually every US outsourcing coding company both large and small are building their own overseas coding center or partnering with an existing center to meet productivity demand.

India has been the hub of most offshore clinical coding. However, the Philippines, Central America, and United Arab Emirates (UAE) are also rapidly building coding teams, enhancing technology, and vying for US partnerships. The race to secure certified coders or ancillary health professionals that can be trained in clinical coding is on. Now cities within India, such as Hyderabad and Visakhapatnam, compete for certified coders.

US coding companies are also serving as coding auditors for offshore coding centers. Donna Pizzulli, MPA, RHIA, FAHIMA, chief operating officer of Cybergistics, LLC based in Neptune, NJ, has audited thousands of inpatient records that were coded offshore. Pizzulli reports that the quality and accuracy of the offshore coding that her staff reviews is extremely high and on par with US-based services.

However, as US-based outsourcing firms build their offshore workforces, HIM directors within hospitals and other healthcare provider settings are still slow to directly contract with overseas firms. A few early adopters have emerged from the private, for-profit ranks. For example, one large US healthcare chain already has 400 coders processing inpatient and outpatient records overseas.

Hearing from Early Adopters

Pizzulli predicts that most hospitals will contract with a US-based outsourced coding firm delivering offshore coding options versus partnering directly with an overseas BPO. Early adopters will already have remote coding programs in place, including the necessary technology infrastructure, policies, procedures, and workflow processes.

Walter Houlihan, corporate director of HIM at Baystate Medical Center, based in Springfield, MA, has used offshore coding services through US-based coding firms for several years to augment over 35 in-house coding staff. Houlihan said he avoids placing all of his "eggs in one basket" and contracts with three different firms. He works to build long-term partnerships with each company and in preparation for ICD-10 has signed multi-year contracts with each, some running through 2015.

Houlihan assigns each outsourced coding firm a set of records based on patient type, making it easier to juggle multiple partners. Having a 100 percent EHR environment makes this process fairly easy, especially when less than 10 percent of the medical record needs to be scanned into the EHR.

Outsourced coding resources were particularly important while Houlihan's internal team was trained on ICD-10 starting back in 2012—and are now also used for back-up and dual coding support. Now that his internal coders are dual coding, a fourth partner is conducting code audits and validating his own teams' code assignments both in ICD-9 and ICD-10. Knowing the coder's quality in ICD-10 is critically important in order to provide ongoing education support. But to ensure this training didn't interfere with maintaining optimal coding quality with ICD-9 during the transition period, Baystate hired extra coding help through the coding firms.

Coding firms that use offshore resources typically implement strong quality assurance programs. However, Houlihan advises hospitals to sporadically conduct their own internal audits to ensure that the outsourced firm is meeting up to the organization's internal coding standards. "Conduct internal quality reviews and validate the firm's QA findings," he suggests.

In reviewing cases, it is wise to determine if any identified errors are understandable, if information was added to the record after initial coding, or if errors are blatant problems (i.e., a coder missing a major procedure). Not only does a physician or hospital provider need to provide optimal patient care, but they must also translate that quality care into complete documentation and subsequent accurate codes to survive and facilitate accurate reimbursement.

CCHIIM Discontinues Certification Testing in Several Countries

Many international health information management professionals hoping to work for a local contractor coding US-based medical information sit for AHIMA certification exams in their respective countries. But recent certification exam security incidents in some countries have raised concerns about internationally-obtained HIM credentials.

The Commission on Certification for Health Informatics and Information Management (CCHIIM) has recently instituted an indefinite moratorium on AHIMA credential testing in several countries due to exam security concerns. After receiving reports that AHIMA's CCS and CCA exams' security had been compromised in India and the United Arab Emirates (UAE), CCHIIM moved in spring 2013 to suspend all AHIMA exam testing in countries considered to be at high or moderate risk for testing security concerns by its international certification testing partner, Pearson VUE.

Pearson VUE ranks the various countries where it administers exams at local testing centers by the potential for security risks. Countries in the "red zone" are at high risk for security lapses, "yellow zone" countries are at a medium risk, and "green zone" countries are at a low risk. After the security incidents in India and UAE surfaced, CCHIIM decided to suspend all testing activities in countries considered by Pearson VUE to be in the red and yellow zones.

A total of 13 countries, including China, South Korea, Turkey, UAE, and India are included in the red zone, while 16 countries including Egypt, Mexico, and Hong Kong are included in the yellow zone. The moratorium was put in place to protect the integrity of AHIMA's credential system overseas and ensure those who take and pass the exam are qualified to hold AHIMA credentials, according to Jo Santos, RHIA, senior manager of certification services at AHIMA. Offshore coding companies and their US-based clients likely will not be directly impacted by the security incident, as international employers typically rely on more than just proof of a HIM credential when vetting and hiring coders, Santos says, though a credential is usually a hiring requirement.

CCHIIM's ability to offer its certification exams to international HIM professionals expanded in 2005 when it moved to computer-based testing. CCHIIM testing is available to professionals in 150 countries listed by Pearson VUE in the "green zone," including Afghanistan, Canada, Israel, and the Philippines. Part of the CCHIIM mission is to ensure the competency of health information professionals worldwide, not just in the United States, Santos says. International testing allows CCHIIM to help other countries ensure their health information professionals are competent and meet a high standard of professionalism for HIM and coding.—*Chris Dimick*

Red Zone Countries	**Yellow Zone Countries**
Bangladesh	Bosnia and Herzegovina
China	Croatia
Ghana	Egypt
India	Hong Kong
South Korea	Iraq

Kuwait	Jordan
Morocco	Lebanon
Nigeria	Mauritius
Pakistan	Mexico
Turkey	Moldova
United Arab Emirates	Russian Federation
Uzbekistan	Saudi Arabia
Vietnam	Singapore
	Taiwan
	Uruguay
	Yemen

Assessing the Requirements

Offshore coding services were a practical and needed extension of the remote coding workforce Houlihan already has in place, he says. Prior to sending any coding assignments to remote workers there are three key areas HIM professionals should explore. Whether offshore coding firms are contracted directly or through a US-based coding firm, strong technology infrastructure, policies and procedures, and departmental workflow must be established to support a remote coding workforce.

Technology Infrastructure

Hospitals should only consider offshore services if they already have the technology infrastructure to support a remote coding workforce, since the same basic requirements exist:

- Secure and protected access to the organization's EHR and/or document imaging system must already be instituted.
- Data, records, and images sent to an offshore coding partner must be maintained in a HIPAA-compliant format in transit and at rest, with no data stored or saved on offshore servers.
- Encoder and computer-assisted coding (CAC) technology used by offshore coders should be housed within the US and remotely accessed by the overseas team.
- The ability to print-screen must be deactivated.
- Any and all technology provided by the outsourced partner should be fully assessed and audited with stiff service level agreements (SLAs) in place.

Policies and Procedures

Policies and procedures for remote coding should also be in place to ensure full compliance with organizational, departmental, and HIPAA requirements. HIM and information technology (IT) departments must be involved in policy approvals along with privacy, security, and compliance. Human resources should also be involved as necessary, however offshore coding services should be treated as a workforce team versus an individual employee or subcontractor.

For the offshore coding services provider, similar policies and procedures must be in place. The following five criteria are must-haves for offshore coding centers:

- Building security: biometrics, security guards, internal monitoring (cameras) on every worker
- HIPAA privacy and security mechanisms: business associate agreements, policies and procedures with clear remediation clauses and penalties for breach
- Coder certification: a responsibility of the outsourced coding company, results of coding tests by workforce versus individual coder, strong medical and clinical backgrounds for entire team
- Service level agreements: strict SLAs for quality, turnaround time, and availability
- Quality assurance: two layers of quality assurance reviews (one offshore and one within the US) with additional experience required for offshore quality assurance teams

Departmental Workflow

Just like with remote coding, HIM department workflow must be reassessed and perhaps re-engineered. Work hours, turnaround time requirements, and informal communication procedures between the offshore coders and the hospital's internal coding team must be established. Unlike traditional coding departments, where one coder can informally ask another coder for a second opinion, offshore coding teams must rely on the telephone or Internet. Much can get lost in translation when using electronic means. An established mechanism for informal coder-to-coder communication regarding specific cases is mandatory.

Some firms will even have the offshore coding manager assigned to each hospital travel to the US and work within the hospital's HIM department for a period of time. This is an important step in building a solid working relationship between the overseas and internal team, and it ensures that the offshore coders fully understand the finer nuances of each facility and their typical workload.

"There must be a specific person, properly credentialed, either from the offshore or domestic company, responsible for quality and oversight responsibility," Pizzulli states. "This person accelerates the learning curve process associated with the uniqueness of each hospital as well as provides quality review."

Balancing the Pros and Cons

Offshore coding has had its benefits in cost savings, labor accessibility, and turnaround time. With ICD-10 labor demands rising, the advantages of an offshore coding workforce have changed and downsides are better understood. Reduced cost is no longer the primary driver. Salaries are climbing and competition for credentialed coders is heating up. However, access to a younger, broader labor pool is still an important advantage for HIM professionals to consider, especially with the introduction of ICD-10, a coding system that is well understood on foreign shores.

The average clinical coder overseas has extensive medical knowledge and clinical background including anatomy, physiology, disease process, and ICD-10 coding. They are often experienced healthcare professionals trained in the specifics of ICD-10. Offshore coding center teams commonly hold ancillary credentials such as MT, MD, OT, PT, or dentist. Age is also an advantage in the overseas worker.

In the US, nearly half of coders are over the age of 50, according to industry reports. The international picture is quite different. In India, the average age of a clinical coder is late 20s to early 30s. Workers are productivity-driven and focused, typically possess strong technology skills, and have a desire for lifelong careers in healthcare, according to offshore coding vendors.

These workers are production-focused and the offshore coding centers where they work have purposely-built production environments. Production goals must be balanced with quality assurance and accuracy, with coding auditing checks and balances already in place for established offshore coding centers.

International time differences remain an advantage for offshore coding. Turnaround time is faster as overseas coders work during US teams' downtimes. Communication about specific cases, physician queries, and other management functions, however, may be hindered by the time difference and must be accommodated through HIM workflow changes as described above.

The downside of offshore coders is their conservative coding patterns. By nature the offshore coder is fearful of miscoding a case, their ability to self-interpret medical record documentation is low, and additional levels of quality assurance review are needed.

Instead of thinking creatively and making their own coding decisions, offshore coders strictly abide by the coding rules and guidelines. The net effect is positive for coding compliance but may have a negative impact on reimbursement. With experience and time, offshore coders do improve and learn, which bodes well for US reliance on them in 2014 and beyond.

Taking the Next Step

With coding demands rising, resources dwindling, and capabilities improving, vendors have encouraged HIM professionals to take a second look at offshore coding services. Those interested can start by asking their current outsourced coding vendor about options for backup offshore support.

HIM professionals are encouraged to ask a lot of questions when making a decision on offshore coding. While travelling to India, the Philippines, or Central America may not be possible, certainly video interviews, virtual tours, and peer-to-peer references are. A thorough understanding of the complexities involved and benefits obtained will lead to better-informed decision making about offshore coding services. With ICD-10 fast approaching, some feel now is the time to give offshore coding a try.

Notes

1. "Modern Healthcare's 23rd Annual Information Technology Survey." Modern Healthcare. March 2, 2013. http://www.modernhealthcare.com/article/20130302/DATA/130309999.
2. AHIMA Foundation and TrustHCS. "The State of H.I.M.: A Study of the Impact of ICD-10, CDI, and CAC Initiatives within the Health Information Community." April 2013. http://info.trusthcs.com/state_of_him.
3. Ibid.

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