Is **coding** holding your agency back?

Why more agency leaders are outsourcing to win

By WellSky experts

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Agencies across the U.S.A. are outsourcing their coding function in big numbers and it's paying off.

The number of agencies outsourcing part or all of their coding has **more than tripled** since 2014. Nearly one third of all agencies are currently using outsourced coding services.

Home health and hospice agencies have depended on WellSky for coding and OASIS reviews throughout the COVID-19 pandemic. With workforce shortages, the significant impact outcomes will have on reimbursement, and other high demands, agencies can feel secure that our touch on each episode leads to accurate and comprehensive coding and OASIS review. In turn, this can lead to better clinical and financial outcomes, such as:

- More accurate OASIS responses to improve outcomes, driving Star rating and Home Health Value-Based Purchasing (HHVBP) performance.

- Appropriate assignment of primary diagnosis clinical group to support resources needed for episode management.

- Capturing appropriate comorbidities which could impact your reimbursement under the Patient-Driven Groupings (PDGM) model.

Why are more agency leaders choosing outsourcing?

Agency leaders cite many reasons for outsourcing, including more accurate reimbursement, improved compliance with complex and changing regulations, lower direct and indirect staffing costs, and greater operational efficiency. And now with the foreseeable transition from OASIS-D1 to OASIS-E in January of 2023, the PDGM, national comparisons with HHVBP implementation, and the changing regulatory landscape for hospices, the list of reasons is getting longer.

Let's dig a little deeper into the reasons behind this important industry trend.

Coding and documentation accuracy is necessary to ensure maximum allowable reimbursement.
For home health alone, there are 14 OASIS responses across 8 individual item questions and many more diagnosis coding options that impact payment (42,801 primary diagnoses alone impact reimbursement). Frequent coding changes and increasing complexity make accuracy even more challenging. For example, 159 new codes, 32 deleted codes, and 20 revised codes went into effect on October 1, 2021, so home health agencies must contend with some 72,616 active ICD-10 CM codes.

For home health alone, there are nearly 43,000 primary diagnosis codes.

This complexity makes accuracy challenging and means coders need constant training. Common problems for both home health and hospice include:

- Not coding to the most specific diagnosis and sequencing supported in the record

- Misunderstandings related to coding guidance

- Exclusion of chronic comorbidities

- Symptom codes that are integral to other diagnoses and do not need to be coded separately

- Inadequate clinical documentation supporting OASIS responses

- Inaccurate scoring of activities of daily living (ADLs), particularly in transfer and ambulation scores

- Utilization of primary codes not allowed in hospice

- Certification of terminal illness (CTI) diagnoses that do not support terminal prognosis

- Difficulty capturing a terminal prognosis that supports the need for hospice services

- Time sensitivity of reviews to meet Centers for Medicare & Medicaid Services (CMS) requirements

Ensuring accuracy is necessary to mitigate compliance risk.
In the term "maximum allowable reimbursement," the word "allowable" is just as critical as the word "maximum." Just as agencies need to make sure they're getting every dollar they're due, they also need to ensure that inaccurate coding does not lead to compliance issues that cost time, money, and reputation.

Ensuring your agency receives the appropriate reimbursement for care delivery is a cornerstone to success in value-based care.

Outsourced coding can reduce direct and indirect staffing costs.
Add it up! Recruiting, *plus* salary, *plus* benefits, *plus* supervision, *plus* covering for holidays/vacation/sick time, *plus* continuous training/quality control/auditing, *plus* certification. Actual direct costs vary by region and agency, but here are some averages:

- **Average coder salary:** $64,424 in 2019

- **Benefit load:** (rule of thumb) salary multiplied by 1.25-1.4

- **Annual training per employee:** $750-$2,500

- **Certification training and exam:** $450-$700

There are also the indirect costs of supervision, productivity ramp-up time, covering for absences, increased recruiting due to labor shortages, and more.

When considering outsourcing or evaluating one's current vendor, agency leaders should factor all direct and indirect costs into their projected ROI calculation.

Outsourced services optimize operational efficiency. Agency leaders often cite *efficient resource allocation* and *increased focus on patient care* as additional benefits from outsourcing with the right partner.

The list of reasons to outsource is growing quickly.

OASIS-E
Not only will OASIS-E require extensive effort and attention to train staff for data collection, ensuring consistent accuracy is vital for agency success in today's home care landscape.

Publicly reported outcomes and Star rating measures where risk adjustment may be lost

- Improvement in dyspnea (M1400)
- Improvement in bathing (M1830)
- Improvement in bed transfers (M1850)
- Improvement in ambulation (M1860)
- Improvement in oral medication management (M2020)

PDGM
Coding accuracy is paramount under PDGM. Primary and secondary diagnosis codes drive the clinical group assignment and the comorbidity adjustment. Specificity, accuracy, and inclusivity of active diagnoses are mission critical.

The functional group in PDGM is determined solely by accuracy in these OASIS items: M1033, M1800, M1810, M1820, M1830, M1840, M1850, and M1860.

HHVBP
With the national expansion of HHVBP solidified in the 2022 Home Health Final Rule, high-impact OASIS item accuracy is now paramount in protecting your reimbursement under PDGM.

The high-impact OASIS items used to determine your agency's Total Performance Score (TPS) include:

TNC self-care:
- M1800
- M1810
- M1820
- M1830
- M1845
- M1870

TNC mobility:
- M1840
- M1850
- M1860
- M1400
- M2020

The changing regulatory landscape for hospices
As beneficiary utilization and hospice benefit expenditures increase, so does regulatory scrutiny. As a result, hospices have refunded millions of dollars to Medicare. In particular, the following active work plans by the Office of the Inspector General should attune hospice leaders to the importance of coding and Hospice Item Set (HIS) documentation accuracy:

- **July 2018:** *Medicare Hospice Benefit Vulnerabilities and Recommendations for Improvement: A Portfolio*

- **November 2021:** *CMS Home Health Final Rule*

Evaluating coding partners

Whether you're considering outsourcing for the first time or if you just want to make sure your current partner is the best choice, there are important questions to ask.

- *What is your process for training your coders?*
- *Are all your coders certified?*
- *Describe your quality control program.*
- *What is your process for home health coding?*
- *What is your process for hospice coding?*
- *What are your policies and procedures for safeguarding data, including incident response?*
- *Do you utilize two-factor authentication for access to data?*
- *Is data encrypted at rest including with laptops and mobile devices?*
- *Is data encrypted in motion?*
- *Is email encrypted?*
- *What type of regular user account reviews do you conduct?*
- *What is your backup and disaster recovery plan?*
- *What is your patch management plan?*

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About the authors

Valarie Johnson, PTMS, COQS, CHHCM, HCS-D, HCS-O, is a nationally recognized educator within home health, specializing in OASIS education. Valarie has spent the past 20 years in the home care industry in a variety of roles from front line patient care as a physical therapist to leadership in clinical education and operations. She has a passion for helping agencies and individual clinicians simplify the complex nature of home care data collection to provide a clear path for using assessment data to provide efficient, patient-focused care to those in need, within the comfort of their home environments. Valarie has specialized in educating clinicians of all disciplines in OASIS, best practice patient care strategies, documentation, utilization, and regulatory compliance.

Paul Rich, COS-C, HCS-D, BCHH-C, COQS, is Director of Coding Quality and leads the outsourced coding division of the WellSky Services team, ensuring all services provided to our clients are being performed at the highest standards to achieve appropriate outcomes and reimbursement. Paul has worked in home health and the post-acute space for 15 years and has been part of the WellSky family for the past 7 years serving as a coder, quality outcomes specialist and auditor, Manager of Coding Quality, and now as Director. Paul brings his expertise in CMS regulations and standards along with his knowledge of information technology and emerging software solutions to drive the innovation necessary for success in the evolving value-based care setting.

Katherine Morrison, RN, MSN, is the Director of Hospice Consulting Operations. Katherine is a Registered Nurse and has worked in the hospice industry for over 20 years, much of which was spent in leadership roles. She holds a Master's of Science in Nursing with a major in Nursing Informatics. Her experience includes leading home hospice programs as well as freestanding hospice residences. She is an ELNEC trainer and has presented the ELNEC curriculum to large and small organizations. She is a member of numerous industry organizations. Katherine is committed to excellence in end-of-life care.