

Maximizing Transcription Services to Match Your Specifications

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Choosing a Vendor

At many healthcare institutions, transcription services are often overlooked when searching for a single vendor that can also offer potential cost savings and process improvement opportunities. Healthcare institutions with outsourced transcription vendors can spend anywhere from \$20,000 to more than \$1 million annually depending on the size of the institution and volume of transcription services. Properly managing vendors and identifying alternative vendors can yield savings from 10%–50% of an institution's annual spend.¹ In addition, with the U.S. Government's goal to have electronic medical records in place by 2014, transcription vendors will now have to work with healthcare facilities in the effort to transition patient records to an electronic format.

Outsourcing transcription services makes sense for many facilities depending on personnel and resources. A facility has the ability to save dollars by reducing the cost of purchasing and maintaining a dictation system, along with the cost of management and labor. When managed effectively, an outsourced transcription vendor can significantly reduce a facility's annual transcription spend.

While choosing a new vendor and managing current relationships with your transcription vendor, there are important factors to consider. These include the standardization of vendors across service lines, billing format, HIPAA compliance, online security, document management, client services, and support. Clearly defining roles, discussing, and analyzing each area in a client contract, as well as during the management of the implementation process can potentially circumvent future discrepancies and confusion.

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Many healthcare facilities do not manage transcription as a total function and end up contracting with multiple transcription vendors for different departments within its institution (i.e. radiology, cardiology, emergency department, etc.). At larger multi-site health systems, the situation can be increasingly complicated. Centralizing services to one vendor facilitates the management of vendors and provides the institution with more market share to potentially negotiate cost reduction.

Transcription costs vary among different vendors based on their billing formats. Vendors may charge per page, per line, or per character for each transcribed medical record. Other vendors charge for proprietary software or per hour for an in-office transcriptionist. It is important to find out which format works best for your institution, and which is most cost-effective for you. Many vendors offer the option to test their services and pricing methodologies in a pilot roll-out.

Leaks in confidential patient information can be a challenge for any institution. It may seem obvious that vendors should have online security and be HIPAA compliant, but service providers can vary in their security of highly confidential patient information. All vendor staff should be appropriately educated in HIPAA compliance. Systems and online

access need to be tightly encrypted and secured.

Some vendors offer document management and revenue capture under their umbrella of client services. These services can be valuable when proper documentation is needed for charge capture. Coding regulations can change on a monthly basis. Some vendors offer physician and nurse education for ICD-9 and CPT record documentation. Proper documentation can improve charge capture, which may lead to an increase in revenue.

Finally, customer support is vital when systems are shut down during an emergency or when billing discrepancies arise. A good customer representative can facilitate a quick response, and needed support when necessary.

When choosing a transcription vendor; reviewing services, management, and expected results from both parties are essential to the success of the engagement. Many vendors offer similar services, so it may be prudent to tour a vendor's operational facility in order to assess capacity and professionalism. Although often overlooked, a successful partnership with a capable transcription vendor is important to the growth of a healthcare organization.

Medical Transcription Service Organizations—Industry Overview

In the United States \$12 billion medical transcription industry, vendors who outsource to foreign countries are beginning to gain market share. Offshore medical transcription services now represent \$195 million of the medical transcription market. Medical Transcription Service Organizations (MTSO's) range in size from large

¹ Based on Nexera, Inc.'s internal data.

corporate entities to small firms, a number of which have less than 10 employees. The larger players, however, constitute approximately 70 percent of the offshore medical transcription market. Most of these organizations have medical record transcriptionists within the U.S., in addition to their counterparts overseas.²

Having a vendor operating halfway around the world can be advantageous for healthcare facilities in the U.S. Transcription services are processed throughout the day, leading to faster turnaround times. Since night-time hours in the U.S. are equivalent to daytime hours in India, organizations with U.S. offices and offices in India typically offer customer support 24 hours per day.

Although many of these vendors have customer service representatives in the United States, it can still be difficult to manage a vendor whose operations reside around the world. HIPAA compliance, Internet, and communications security need to be assured. However, installing proper internal controls between the healthcare facility and the vendor can prove to be prudent for both parties.

Process Management, Policies, and Procedures

Building a well controlled process through acceptable policies and procedures with a medical transcription service vendor minimizes risk and loss, and reduces costs for a healthcare organization. By choosing a vendor with the proper fit, and working with the vendor's representative, a healthcare facility can establish policies and procedures that align with both organizations goals while ensuring high-quality, accurate, and timely results. When establishing policies and procedures, factors to consider include business operation practices, quality and timeliness of results, management responsibilities of each party, HIPAA compliance, data control, information security, risk management, and financial budgets.

Business operations practices should focus on understanding and evaluating logistics, day-to-day operations, and a realistic understanding of the service provider's capacity. Assessing a healthcare facility's expected volume, projected increases, or decreases in volume, and seasonal volume fluctuations will prepare management for changes when they arise. These changes will affect

other areas such as financial budgeting, vendor capacity, and customer support.

As with any significant function or large contract, internal audit should conduct a periodic review to ensure the terms and conditions are being met by both parties and that proper control over the activity is in place, complete, and effective. Additionally, audits should ensure laws are being observed by both parties.

Technology and Integration

The first step of the integration process involves software and hardware installation at the client site. Some services offer an online application, where software installation is unnecessary. Hardware installation usually includes voice recorders and recording stations. As a supplemental service, it is often possible to offer recordings over the phone. Emphasis should be placed on the vendor to transition through this phase fluidly. Most of the larger MTSOs offer hardware installations at no charge to the facility.

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The next step involves setting a baseline for the quality and timeliness of results. All records received from the vendor need to be in a formatted, standardized template. If an organization has multiple transcription vendors, all vendors need to adhere to the standardized format.

Projected time frames, projected turnaround times, and expected quality of the final products are important to vet out while setting up policies and procedures. At this point, client and vendor management should create an outline of their individual responsibilities throughout the entire process sequence at all levels.

HIPAA and Security

Data control, information security, HIPAA compliance, and risk management encompass state and federal regulatory issues, assessment of potential risks, risk mitigation, and the identification

and evaluation of discrepancies or inaccuracies. Patient record confidentiality should be monitored and contained at all levels and at all steps during the business process. However, an increasing concern for security lies in technology security and the physical security of the storage facilities. Whether the data is stored on a server, or in file cabinets, all patient-specific information needs to be appropriately secured. It's necessary that all transcription vendors connected to a hospital's network be secure. Many vendors offer a connection via virtual private network (VPN). A team consisting of hospital management, hospital information technology, and the vendor should focus on the network security and any software integrations that may be needed.

Offshore staff (i.e. medical record transcriptionists) needs to be educated and compliant with U.S. HIPAA regulations. Refresher courses should be offered to the staff on an annual basis. Larger MTSOs often have policy and procedures regarding staff training. Smaller outsourced vendors may need closer monitoring or assistance with HIPAA training and compliance for their staff.

MTSOs should be included in the scope of any HIPAA compliance audit conducted by internal audit. The audit needs to confirm that the MTSO is HIPAA compliant either through direct observation and testing, or by attested assurances of a third party qualified to perform HIPAA audits.

Risk Management

Risk management plays an integral role over process management and workflow, especially in high pressure, fast-paced departments such as the emergency department and the operating room. In departments such as these, healthcare facilities and physicians are openly exposed to risk and potential legal liabilities.

A specific risk management concern for many physicians occurs during the review of the dictated medical record. Many times, emergency room physicians do not review the returned dictated report, which may include errors, typos, and misspellings. Even if a physician does not electronically sign the patient record, they are still legally accountable for the patient record. The hole in this

² *The US Medical Transcription Industry: Perspective on Outsourcing and Off-shoring*. Published May 2006. Retrieved April 30, 2007 from, <http://www.researchandmarkets.com>.

operational process leaves an opening for serious legal dangers, which at times not only affects the physician, but the entire facility as well.

During the creation of a healthcare facility's policy and procedure for risk management in medical transcription, it is important to review management's safeguards and controls for risk mitigation. This may be a role for internal audit or general counsel. However, the internal auditors should not exclude this when performing an examination of the medical transcription function. In the absence of an internal auditor, a contract manager or buyer can also perform this task.

Financial Budgeting and Planning

Lastly, financial budgeting is critical to the overall scope of the engagement. Many of the larger MTSOs offer a wide range of varying services, which usually includes document management, medical billing, and coding. Often times, these services go hand-in-hand or can even be synergistic when combined. Since medical billing and coding is usually based on medical record information, having a single owner focus on all aspects of the billing, coding, and documentation cycle improves proper charge capture and potentially increases revenue.

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As with any vendor engagement, it is essential to have collective staff buy-in as well as management support. A committee, consisting of hospital or continuing care administration and users, should be given ownership when choosing a vendor and during the integration-to-implementation management phase.

Of course, when coding and billing is relegated to an outsource service company the institution's responsibility for complying with the associated regulations does not go out the door. The healthcare provider is still on the hook for processing accurate

transactions and submitting claims to payers consistent with governing laws. Again, there is an important role for the internal audit and compliance offices to ensure documentation, coding, and billing processes are performed within a proper control framework. This can be accomplished via an active monitoring and auditing regime.

Summary

With proper planning, analysis, and internal team integration, the onset of choosing an MTSO can be done effectively. Implementing an outsourced medical transcription system can be managed appropriately, while potentially improving the overall bottom line of a healthcare facility.

While management is not able to avoid transcription related expenditures, they can be monitored in a way that supports the overall goals of the institution with regard to quality patient care being provided. It is particularly important to monitor costs at all phases, as there are times in which costs may be established at a higher rate than the initial negotiated rate, or may rise later on without notice. With an increased awareness and resource allocation from the onset, a facility can also expect to see hard dollar savings that can significantly affect the bottom line. NP

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