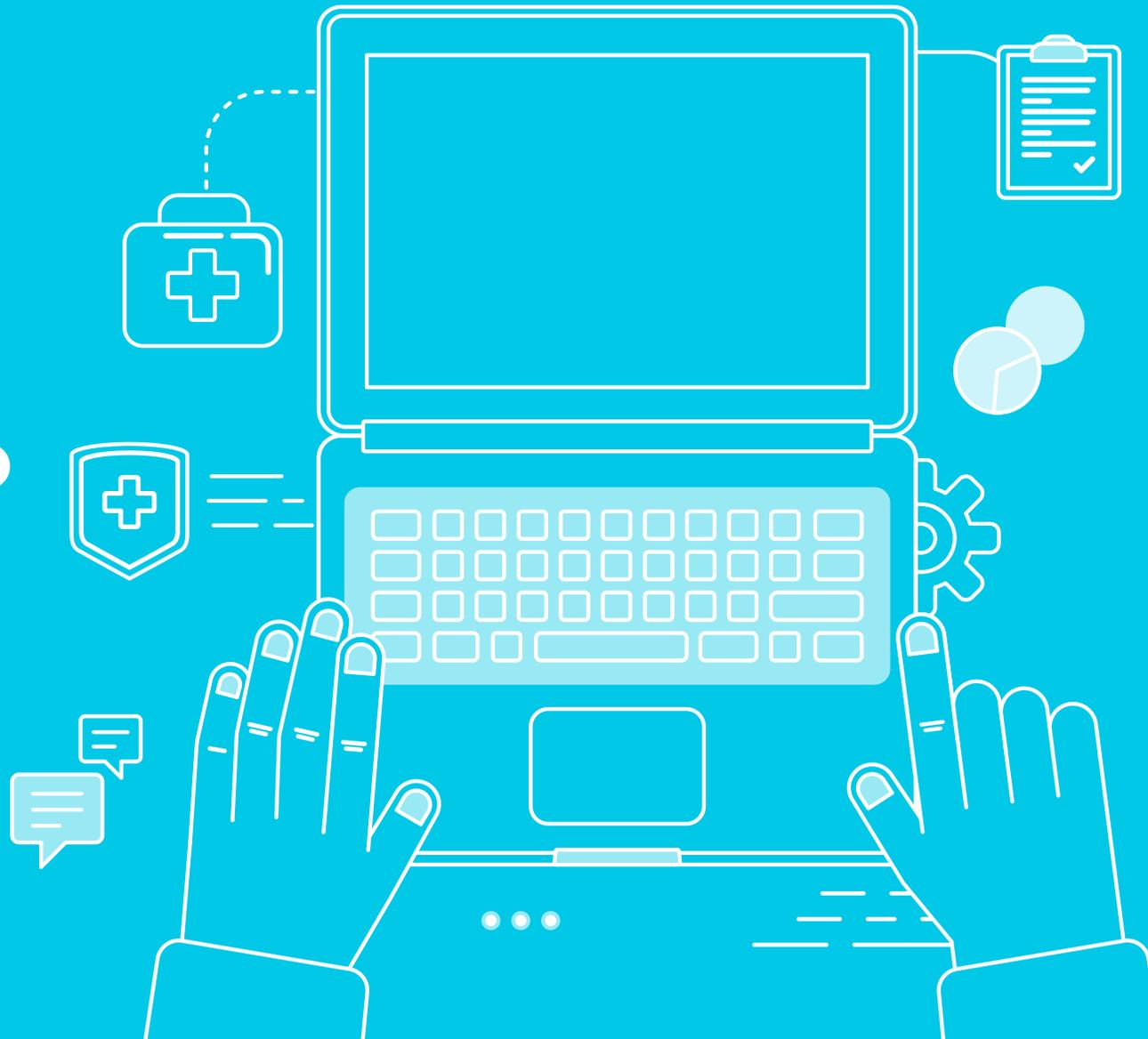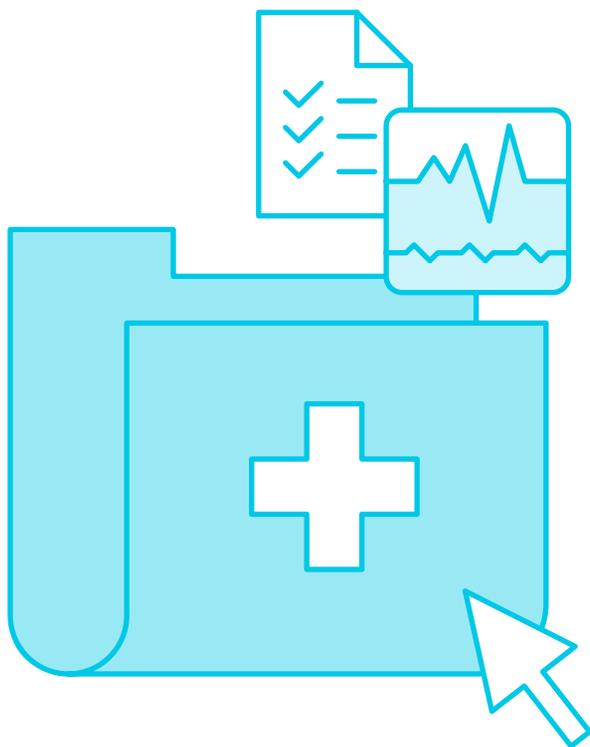**3M** Science. Applied to Life.™

3M Health Information Systems

Should physicians assign their own codes?

The practical guide to striking a coding balance

It started with the EHR boom

The adoption of electronic health records (EHR) significantly changed the workflow in today's physician practices. One major difference is the way in which physicians select evaluation and management (E/M), CPT and ICD codes. Rather than circle a code on a paper charge sheet, physicians now choose a code from a drop-down menu in the EHR.
In many cases, electronic code selection saves money and streamlines the revenue cycle. Although these efficiencies are beneficial, practices still need to monitor the accuracy of the codes they assign. Without continual monitoring, practices could experience the negative consequences of decreased revenue and an increase in denials and audits.

The benefits of physician-assigned codes

There are many reasons why physicians choose to assign their own codes. Consider the following:
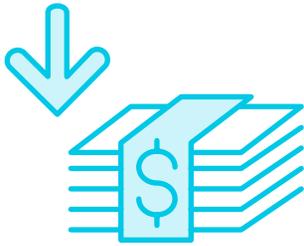
Physicians can cut overhead costs.

When physicians assign their own codes after the patient encounter, medical groups reduce or even eliminate the need for in-house or outsourced coders. The savings gained from assigning one's own codes could be significant. That's because in-house coders earn, on average, $50,000 annually. Eliminating the need for outsourced coders can also yield a significant savings. ([source](#))

EHRs do most of the work for physicians.

EHR advancements have simplified the code selection process, making it easy for physicians to select an accurate code with minimal effort and with minimal disruption to the physician's workflow.

Faster coding equals faster payment.

The entire revenue cycle process is shortened when physicians assign codes directly through the EHR. That's because claims don't wait in a queue waiting for a coder to review them.

The risks of physician-assigned codes

Although practices gain efficiencies and reduce costs when physicians assign their own codes, there are also several pitfalls to this process.

1

Potential for increased compliance risk

General audit risk

When physicians assign their own codes without additional internal review, they may be at risk for an external audit. If a provider fails an audit, it takes the focus off providing patient care and places it on fighting the recoupment as well as bracing for the cost of legal support.

Denials due to undercoding

As physicians navigate the complex medical coding system, they may intentionally undercode their services to avoid payer and auditor scrutiny. However, doing so means that physicians could also miss out on significant reimbursement to which they're entitled. Approximately 15 percent of claims are undercoded, costing physicians an average of approximately $23,000 in missed revenue annually. (source)

Denials due to overcoding

Because payers tend to monitor providers who consistently bill higher-level E/M codes, overcoding these services can present significant compliance risk for those physicians. (source) Primary care physicians overcode or underdocument 27 percent of submitted claims, putting $41,000 of annual revenue at risk for an audit. (source)

If the federal government suspects overcoding or undercoding, it may audit a provider and fine him or her up to

$10,000

per line item. (source)

2

Less focus on patients

It's true that technology reduces the need for additional staff.

However, physicians spend approximately **50 percent of their time completing tasks in the EHR and performing other administrative work.**

They spend **only 27 percent of their time providing direct patient care.** ([source](#))
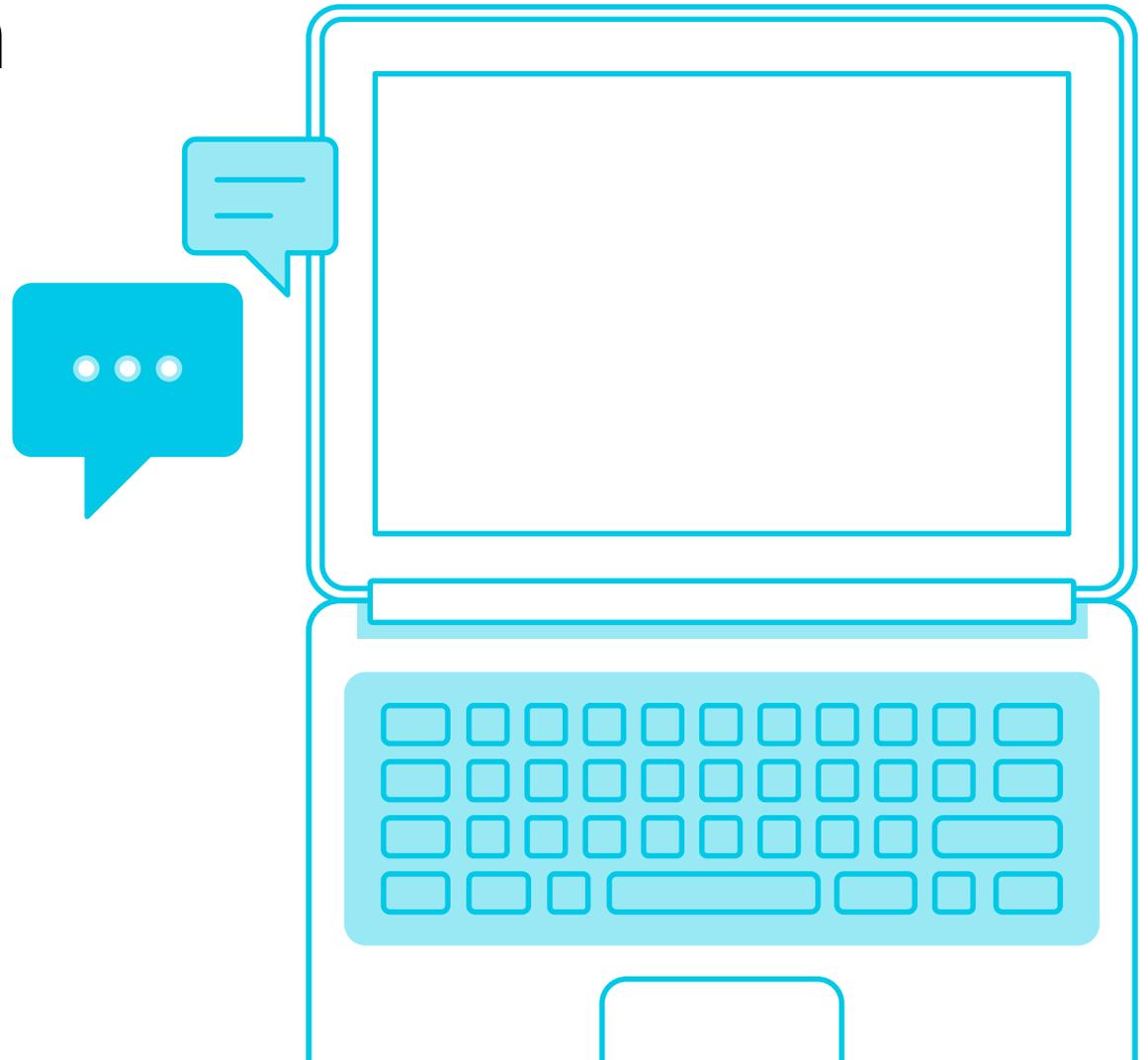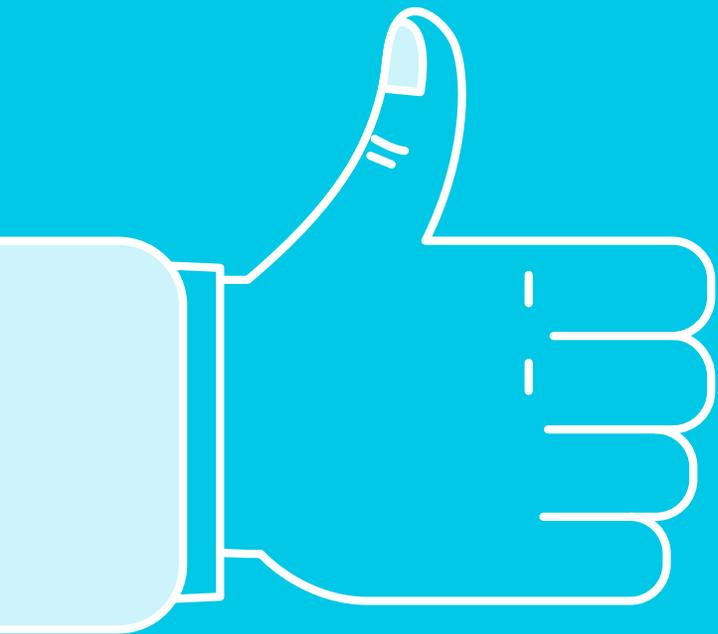
50%

27%

3

Delayed feedback on coding and documentation

Physicians routinely request feedback about their coding and documentation. However, when they assign their own codes, there is no feedback loop. By the time they hire an auditor to provide this information, the patient encounter is a distant memory.

The benefits of hiring a medical coder

With all the potential pitfalls for physicians selecting their own codes, hiring a certified medical coder can come in handy.

# Hiring a certified medical coder can bring many benefits to your organization, including the following:

- **Increased accuracy and compliance**
Certified medical coders understand coding guidelines, and they know what it takes to ensure accurate payment and avoid denials.

- **Reduced need for internal audits**
Certified medical coders can oversee the entire internal audit process using automated tools that increase efficiency and avoid the need to select cases manually.

- **Fewer missed charges**
Certified medical coders can more easily capture all relevant charges, resulting in a positive impact on revenue. Coders also ensure that physicians report all relevant CPT codes as well as any and all diagnosis codes to establish medical necessity.

- **Reduced risk of overcoding and undercoding**
Certified medical coders minimize compliance risk by assigning accurate codes.

A 2015 study found that

28%

of the conditions that physicians document **aren't included on claim forms** submitted to health plans. The study included a manual review of 100,000 charts from physician practices across 11 states. (source)
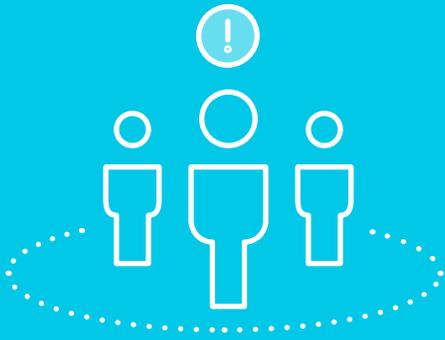
When physicians undercode their services, health plans and healthcare systems have a false sense of population health.

- **Ability to regain the focus on direct patient care**
  Sixty percent of more than 17,000 physicians say that their EHR detracts from patient care. However, by focusing on accurate and complete documentation, physicians inherently provide better patient care. (source)

- **Reduced denials, increased reimbursement**
  Studies show that approximately 9 percent of claims, on average, require rework. At an average cost of $25 per reworked claim, physicians can save thousands of dollars in revenue each month by simply focusing on compliant coding. (source)

Greater coding efficiency, lower overhead

Certified medical coders typically code 10 to 20 office visits hourly. They typically code five ambulatory and outpatient visits per hour as well as five interventional surgeries and other procedures per hour. (source)

# The downside of hiring coders

- **Increased overhead**
  At an average salary of approximately $50,000 annually (source), hiring a certified medical coder can be costly for smaller practices.

- **Delays in claim submission**
  Practices that employ certified medical coders may experience delays in claim submission due to physician queries and coding backlogs.

Strike a balance

Practices using an EHR must ultimately answer this question—will physicians or coders assign codes? Many experts believe that coding should be a shared responsibility, as this model has been proven to decrease coding backlogs[1] and increase coding accuracy.

An appropriate blend of technology and coders could be the right solution for many medical groups. As providers consider whether to hire a certified professional coder or to bring someone into the practice to audit periodically, they must determine whether the services are worth the cost. Many organizations use computer-assisted coding, for example, to achieve their compliance goals with far fewer in-house coders and a reduced need to rely on outsourced coders as well. ([1] source)
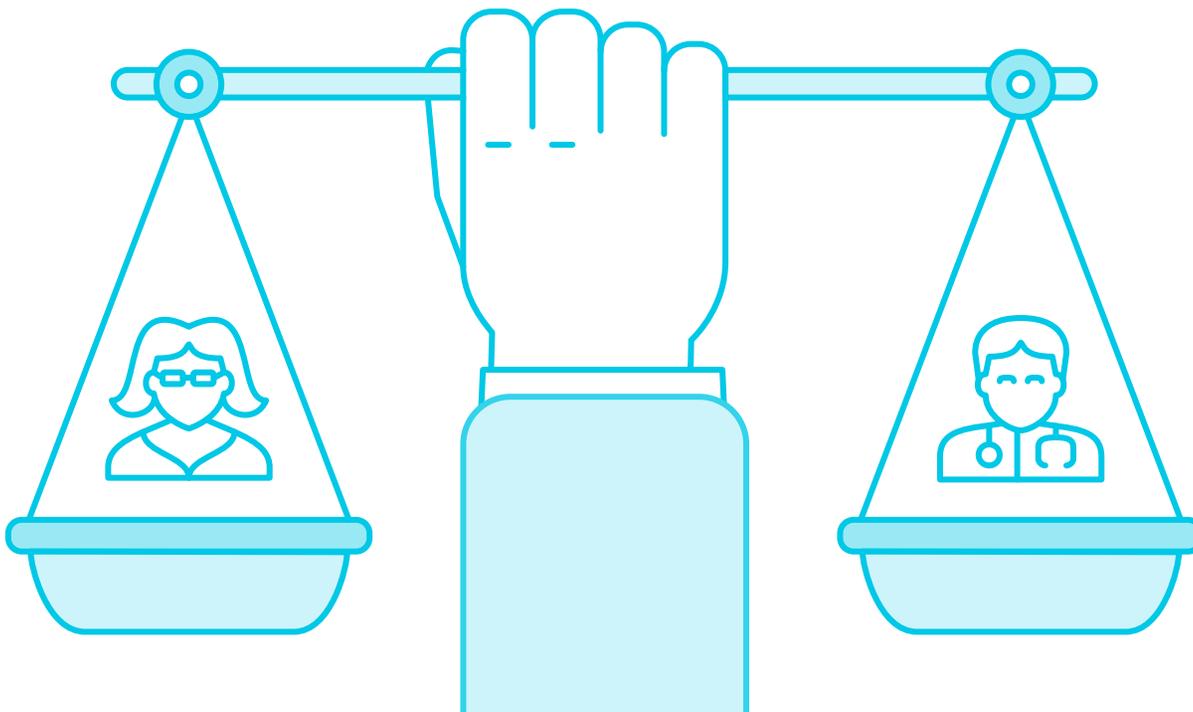
3M can help

Whether your organization wants to increase its capabilities in assigning E/M codes using computer-assisted coding, or optimize your revenue cycle by outsourcing the coding function, 3M Health Information Systems has the tools to help you focus less on getting paid and more on direct patient care.

Check out our **case study** to see how 3M helped UC San Diego Health increase coder productivity by 70 percent.

3M™ 360 Encompass™ Professional System: A revolutionary new application that channels the power of 3M's proprietary computer-assisted coding, physician query capability and reporting, putting them to work on the professional fee side of the coding workflow.

For more information on how 3M software and services can assist your organization, contact your 3M sales representative, call us toll-free at **800-367-2447**, or visit us online at **www.3m.com/his.**

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