Computers in the Medical Office 9e

Susan M. Sanderson

Mc Graw Hill Education

medisoft®

computers in the medical office

SUSAN M. SANDERSON, CPEHR

Ninth Edition

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COMPUTERS IN THE MEDICAL OFFICE, NINTH EDITION

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The Medidata (student data file), illustrations, instructions, and exercises in Computers in the Medical Office are compatible with the Medisoft Advanced Version 19 Patient Accounting software available at the time of publication. Note that Medisoft Advanced Version 19 Patient Accounting software must be available to access the Medidata. It can be obtained by contacting your McGraw-Hill sales representative.

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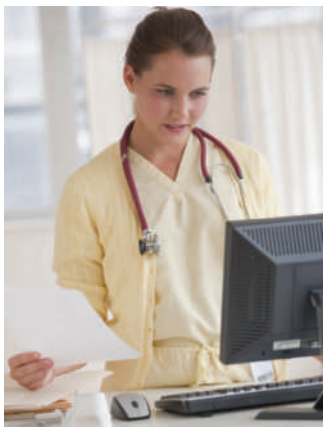

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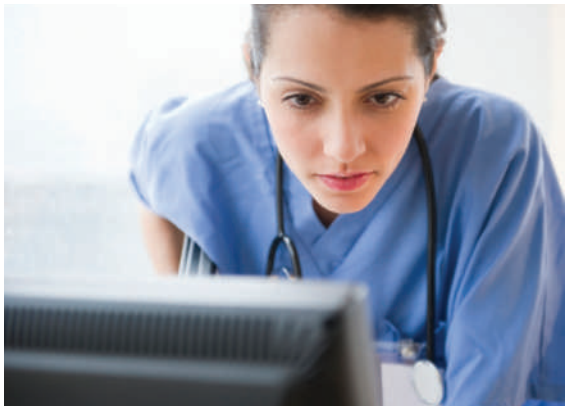

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preface

CiMO™: THE STEP-BY-STEP, HANDS-ON APPROACH

Welcome to the ninth edition of *Computers in the Medical Office (CiMO)!* This product introduces your students to the concepts and skills they will need for a successful career in medical office billing. Medical billers are in high demand, and theirs remains one of the ten fastest-growing allied health/health profession occupations. *CiMO* provides instruction on key tasks that students throughout the health professions curriculum, such as those studying medical assisting, health information management, and health information technology, will need to be competent and to move forward. Teaching this material to your students may be challenging because of the diverse student population that takes this course—some students may be very technology-savvy and move through the book quickly, while others may be computer novices and need more help. No matter what your students' skill levels are, *CiMO* gives not only the step-by-step instructions they need to learn, but also the "why" behind those steps.

CiMO is now available with McGraw-Hill Education's revolutionary adaptive learning technology, SmartBook®! You can study smarter, spending your valuable time on topics you don't know and less time on the topics you have already mastered. Succeed with SmartBook . . . Join the learning revolution and achieve the success you deserve today!

Here's what you and your students can expect from *CiMO:*

- Coverage of Medisoft® Advanced Version 19 patient billing software, a full-featured software program, including screen captures showing how the concepts described in the book actually look in the medical billing software.
- Both a tutorial and a simulation of Medisoft, using a medical office setting, Family Care Center, and related patient data.
- Detailed, easy-to-understand explanations of concepts balanced by step-by-step, hands-on exercises, which can be completed using McGraw-Hill Connect® or the Medisoft software.
- The necessary building blocks for students to establish a strong skill set and gain confidence to attain the jobs they want.

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- Realistic exercises, completed via simulations in Connect or by using Medisoft, that cover what students will see working in actual medical practices, no matter what software those practices might use.
- An understanding of the medical billing cycle and how completing the related tasks will positively affect the financial well-being of a medical practice.

ORGANIZATION OF *CiMO*, 9E

CiMO is divided into four parts:

Part	Coverage
1: Introduction to Computers in the Medical Office	Discusses the changes taking place in the field of healthcare. Covers the medical documentation and billing cycle and the role that computers play in that cycle. Also covers the use of health information technology, electronic health records, HIPAA, the HITECH Act, and the Patient Protection and Affordable Care Act.
2: Medisoft Advanced Training	Teaches the student how to start Medisoft; schedule appointments, enter patient information; work with cases; enter charges, payments, and adjustments; create claims; post insurance payments; create patient statements; create reports; and create collection letters. The sequence takes the student through Medisoft in a clear, concise manner. Each chapter includes a number of exercises that are to be done at the computer.
3: Applying Your Skills	Completes the learning process by requiring the student to perform a series of tasks using Medisoft. Each task is an application of knowledge required in the medical office.
4: Source Documents	Gives the student the data needed to complete the exercises. The patient information form, encounter form, and other forms are similar to those used in medical offices.

NEW TO THE NINTH EDITION!

The ninth edition of *CiMO* has been updated to reflect changes that have occurred in the healthcare field since the last edition, including the effects of the Affordable Care Act on physician practices and the billing specialist in particular. A greater number of Americans have health insurance, which means more office visits, especially for family care providers. Patients are responsible for a greater share of physician payments, requiring physician practices to collect at the time of service and carefully monitor overdue patient

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accounts. New physician payment models reward the quality of service provided, often measured by patient outcomes, rather than the quantity of services provided. While we introduced ICD-10-CM codes in the previous edition of CiMO, this edition we are adding back ICD-9-CM codes for those instructors who would like students to experience both sets of codes. An ICD mapping utility is also available in Medisoft Version 19, which is used in this new edition!

Key content changes include:

- Medisoft
  - Medisoft Version 19 is used for all databases and illustrations (screen captures).
  - ICD-9-CM and ICD-10-CM codes are included in the diagnosis code database.
  - Exercises now take place in 2018 and 2019.
  - Medisoft exercises can be completed using live software via CD-ROM or in simulated form via Connect.
- HIPAA/Federal Legislation-Related
  - Updated information on the effects of HITECH Act more than five years after its passage.
  - Coverage of the major provisions of the Affordable Care Act and its implications for physician practices.
  - Coverage of updates to HIPAA Privacy and Security Rules.
- Pedagogy
  - New "Be the Detective" feature. Video Cases with assessment questions are available in Connect to test students' critical thinking skills.
- Technology
  - Connect has been updated to reflect changes in the chapters and feedback from customers, including the new "Be the Detective" video cases.
  - *CiMO* is now available with SmartBook, an adaptive learning product.
- Chapter-by-Chapter
  - Chapter 1: New key terms: after-visit summary, audit, breach, bundled payments, business associate, electronic protected health information (ePHI), electronic remittance advice, fee-for-service, HIPAA Omnibus Rule, Notice of Privacy Practices, patient portal; revised introduction with less emphasis on rising medical costs and more emphasis on quality measures; updated content on the success of the HITECH Act and the number of physicians using electronic health records; new

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content on the major provisions of the Affordable Care Act and how it affects physician practices; updated coverage of new models of healthcare including accountable care organizations, patient-centered medical homes, pay-for-performance, and bundled payments; additional coverage of how HITECH, ACA, and the HIPAA Omnibus Rule affected HIPAA rules; updated Notice of Privacy Practices; updated HIPAA enforcement, breaches, and monetary penalties.

- Chapter 2: Updated for Medisoft Version 19.
- Chapter 3: Updated Electronic Health Record Exchange feature to reflect new interface between Medisoft and Medisoft Clinical; now McKesson Practice Interface Center (MPIC) was Communication Manager.
- Chapter 4: Updated the Race, Ethnicity, and Language fields in the Patient/Guarantor dialog box; updated Electronic Health Record Exchange feature to reflect new interface between Medisoft and Medisoft Clinical; now McKesson Practice Interface Center (MPIC) was Communication Manager.
- Chapter 5: Added content to cover new fields in the Miscellaneous tab of the Case folder for completing boxes on the CMS-1500 (02/12) form; updated Electronic Health Record Exchange feature to reflect updated Unprocessed Transactions Edit screen.
- Chapter 6: Updated Electronic Health Record Exchange feature to reflect updated Unprocessed Transactions Edit screen.
- Chapter 7: Updated information on types of health plans to reflect changes in the health insurance market; updated chart showing enrollment in employer-sponsored health plans by type; updated to final version of CMS-1500 (02/12) form.
- Chapter 8: Updated practice fee schedule to accommodate new CPT codes.
- Chapter 9: Updated process of entering dates so when creating reports, dates are now entered without slashes.
- Chapter 10: New learning objective: Demonstrate how to create a payment plan and assign a patient account to a payment plan; new content on creating payment plans in Medisoft; new content on assigning a patient account to a payment plan; updated chart on medical bill problems or medical debt; new exercises 10-1 Creating a Patient Payment Plan and 10-2 Assigning a Patient Account to a Payment Plan.
- Chapters 11–14: Updated dates to 2018–2019

For a detailed transition guide between the eighth and ninth editions of *CiMO,* visit the Instructor Resources in Connect.

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TO THE INSTRUCTOR

McGraw-Hill knows how much effort it takes to prepare for a new course. Through focus groups, symposia, reviews, and conversations with instructors like you, we have gathered information about what materials you need in order to facilitate successful courses. We are committed to providing you with high-quality, accurate instructor support.

USING MEDISOFT ADVANCED VERSION 19 WITH *CiMO*

CiMO features Medisoft Advanced Version 19 patient accounting software. Students who complete *CiMO* find that the concepts and activities in the textbook are general enough to cover most administrative software used by healthcare providers. McGraw-Hill has partnered with Medisoft from the very beginning, going back twenty years to when the software was DOS-based! The support you receive when you are using a McGraw-Hill text with Medisoft is second to none.

There are multiple options to complete the Medisoft exercises.

1. Students complete the exercises in live Medisoft. In this option, the Medisoft software is installed from a CD onto the computer and the Student Data File is downloaded from the book's website and installed onto the computer.
2. Students complete simulated versions of the exercises in Connect, McGraw-Hill's online assignment and assessment solution. No installations or downloads are needed with this option, and the Student Data File is built into the exercises.

For the CD option, your students will need the following:

- Minimum System Requirements
  - Pentium 4
  - 1.0 GHz (minimum) or higher processor
  - 500 MB available hard disk space
  - 1 GB RAM
  - 32-bit color display (minimum screen display of 1024 × 768)
  - Windows 7 Professional or Ultimate 32- or 64-bit
  - Windows 8 Professional 32- or 64-bit
- External storage device, such as a USB flash drive, for storing backup copies of the working database
- Medisoft Advanced Version 19 patient billing software
- Student patient data, available for download from www.mhhe.com/medisoft (More details on how to download the software can be found on the STOP pages between Chapters 1 and 2.)

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Instructor's Software: Medisoft Advanced Version 19 CD-ROM

Instructors who use McGraw-Hill Medisoft-compatible titles in their courses may request a fully working version of Medisoft Advanced Version 19 software, which allows a school to place the live software on laboratory or classroom computers. Only one copy is needed per campus location. Your McGraw-Hill sales representative will help you obtain Medisoft for your campus.

Another option is the *Student At-Home Medisoft Advanced Version 19 CD* (1259671747, 9781259671746), a great option for online courses or students who wish to practice at home. Available individually or packaged with the textbook—it's up to you!

For the Connect option, your students will complete all of the Medisoft exercises from Chapters 2–14 in the online solution. Each exercise has the following modes for you to assign as desired:

- ***Demo Mode***—watch a demonstration of the exercise.
- ***Practice Mode***—try the exercise yourself with guidance.
- ***Test Mode***—complete the exercise on your own.

For each Medisoft exercise, the same data are used for all of the modes in order to reinforce the skills being taught in that exercise. This is a proven learning methodology.

The Connect course for *CiMO*, 9e also contains all of the end-of-chapter exercises, as well as some simple interactives for each chapter and the new *Be the Detective* video cases.

Much more information on how to work with each of the Medisoft options, including detailed screenshots, can be found in the *McGraw-Hill Guides to Success* at www.mhhe.com/medisoft and in the Instructor Resources under the Library tab in Connect. One guide covers the following topics: software installation procedures for both the Instructor Edition and Student At-Home Edition of Medisoft; Student Data File installation procedures; use of flash drives; backup and restore processes; the other one focuses on Connect functionality as well as details on Demo, Practice, and Test Modes; both contain information on tips and frequently asked questions; instructor resources; and technical support.

DIGITAL RESOURCES

Knowing the importance of flexibility and digital learning, McGraw-Hill Education has created multiple assets to enhance the learning experience no matter what the class format: traditional, online, or hybrid. This product is designed with digital solutions to help instructors and students be successful.

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Learn Without Limits: Connect

Connect is proven to deliver better results for students and instructors. Proven content integrates seamlessly with enhanced digital tools to create a personalized learning experience that drives efficient and effective learning by delivering precisely what they need, when they need it. With Connect, the educational possibilities are limitless.

The new release of Connect features a continually adaptive reading experience, integrated learning resources, a visual analytics dashboard, and anywhere/anytime mobile access that empower students so that your class-time is more engaging and effective.

Connect Is the Easiest Integrated Learning System to Use Technology can simplify everyday lives when the user's needs are placed at the forefront. Year after year, satisfied instructors continue using Connect for many reasons, but the most frequently cited reason: "It's easy-to-use." The latest release of Connect continues in this tradition by introducing complete mobile access, online and offline access, as well as an improved, streamlined user interface. When combined with Connect's flexible functionality, seamless systems integration and comprehensive training and support, it's no wonder that Connect remains the most frequently used and recommended integrated learning system.

- ✓ **Mobile [NEW]:** Students and instructors can now enjoy convenient anywhere/anytime access to Connect with a new mobile interface that's been designed for optimal use of tablet functionality. More than just a new way to access Connect, users can complete assignments, check progress, study and read material, with full use of SmartBook and Connect Insight®, Connect's new at-a-glance visual analytics dashboard.
- ✓ **User Interface Redesign [NEW]:** With a focus on clarity for users, a redesigned user interface features a seamless integration of learning tools, placing most important priorities in the forefront. Our redesign continues to put our users first—a hallmark of the Connect platform—and deliver a tool that fully engages students and solves real-world teaching and learning challenges.
- ✓ **Flexible:** Connect allows you to edit all existing content to match the way you teach the course. You can upload your own materials, including: Word documents, PowerPoint files, Excel spreadsheets, and web links. You can also share your own notes within our eBooks, record your lectures through Tegrity lecture capture, include bookmarks, incorporate news feeds and adjust assignment content within the platform.
- ✓ **LMS Integration:** Connect seamlessly integrates with every learning management system on the market today. Quickly access all course resources through a single login and simplify

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registration, assignments, and gradebook reporting for your students.

- ✓ **Service, Support & Training:** Connect customers receive comprehensive service, support, and training throughout every phase of partnership with us. Customers can access our Customer Experience Group at any time of day for immediate assistance, access the Digital Success Academy for on-demand training materials, and access the Connect Blog for tips on getting up and running quickly.
- ✓ Our Digital Faculty Consultants are a network of passionate educators, dedicated to advancing student learning through educational technologies, resources, and collaboration opportunities. This team of experienced Connect users is ready to help fellow peers achieve the greatest success using the platform, either 1:1 or in a group setting. In addition, help content is accessible directly within the Connect platform to make it easier to get the help you need when you need it most.

Connect Is an Efficient and Effective Learning Tool for Instructors and Students—With Connect, Users Get Better Results in Less Time Numerous effectiveness studies conducted since the first release of Connect tell the same story:

Students are more likely to stay in class and get better grades when using Connect. New visual analytics through Connect Insight now make it possible for instructors and students to get an instant perspective on what's happening in class with the tap of a finger. For those who want a more in-depth picture, powerful reporting capabilities within Connect make it easy for instructors to keep students on track and inspire them to succeed.

Learn more at **http://connect.mheducation.com**!

SMARTBOOK® *Learning at the speed of you:* Smartbook

Connect's Superior Adaptive Technology 'Fills the Knowledge Gap' and Empowers Students Outside of Class for a More Engaging and Interactive Experience in Class Connect builds student confidence outside of class with adaptive technology that pinpoints exactly what a student knows and what they don't, and then seamlessly offers up learning resources within the platform that are designed to have the greatest impact on that specific learning moment. With SmartBook, reading is an interactive and dynamic experience in which content is tailor-made for each student. Built with the unique LearnSmart® adaptive technology, it focuses not only on addressing learning in the moment, but empowers students by helping them retain information over time, so that they are more prepared and engaged in class.

- ✓ **LearnSmart:** More than 2 million students have answered more than 1.3 billion questions in LearnSmart since 2009,

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making it the most widely used and intelligent adaptive study tool available on the market today. LearnSmart is proven to strengthen memory recall, keep students in class, and boost grades—students using LearnSmart are 13% more likely to pass their classes, and 35% less likely to dropout.

- ✓ **SmartBook [New Capabilities]:** SmartBook makes study time as productive and efficient as possible. It identifies and closes knowledge gaps through a continually adapting reading experience that provides personalized learning resources at the precise moment of need. This ensures that every minute spent with SmartBook is returned to the student as the most value-added minute possible. The result? More confidence, better grades, and greater success.
- ✓ **Adapts at the Learning Objective Level:** All material within any Connect product or capability (including SmartBook) has been tagged at the learning objective level. What this means is that the adaptive experience for students is intimately personalized in a very precise way. In addition, any analysis tools (Connect Insight and reports) are also able to present performance data by learning objective. Connect is the only integrated learning system that features this precise level of adaptive and analysis precision.

Go to **www.LearnSmartAdvantage.com** for more information!

Record and distribute your lectures for multiple viewing: My Lectures—Tegrity

Tegrity records and distributes your class lecture with just a click of a button. Students can view it anytime and anywhere via computer, iPod, or mobile device. It indexes as it records your PowerPoint presentations and anything shown on your computer, so students can use keywords to find exactly what they want to study. Tegrity is available as an integrated feature of Connect and as a stand-alone product.

A single sign-on with Connect *and your Blackboard course:* McGraw-Hill Education and Blackboard—for a premium user experience

Blackboard, the web-based course management system, has partnered with McGraw-Hill Education to better allow students and faculty to use online materials and activities to complement face-to-face teaching. Blackboard features exciting social learning and teaching tools that foster active learning opportunities for students. You'll transform your closed-door classroom into communities where students remain connected to their educational experience 24 hours a day. This partnership allows you and your students access to Connect and McGraw-Hill Create™ right from within your Blackboard course—all with a single sign-on. Not only do you

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get single sign-on with Connect and Create, but you also get deep integration of McGraw-Hill Education content and content engines right in Blackboard. Whether you're choosing a book for your course or building Connect assignments, all the tools you need are right where you want them—inside Blackboard. Gradebooks are now seamless. When a student completes an integrated Connect assignment, the grade for that assignment automatically (and instantly) feeds into your Blackboard grade center. McGraw-Hill Education and Blackboard can now offer you easy access to industry leading technology and content, whether your campus hosts it or we do. Be sure to ask your local McGraw-Hill Education representative for details.

Still want a single sign-on solution and using another Learning Management System?

See how **McGraw-Hill Campus®** makes the grade by offering universal sign-on, automatic registration, gradebook synchronization, and open access to a multitude of learning resources—all in one place. MH Campus supports Active Directory, Angel, Blackboard, Canvas, Desire2Learn, eCollege, IMS, LDAP, Moodle, Moodlerooms, Sakai, Shibboleth, WebCT, BrainHoney, Campus Cruiser, and Jenzibar eRacer. Additionally, MH Campus can be easily connected with other authentication authorities and LMSs. Visit **http://mhcampus.mhhe.com/** to learn more.

Assemble a textbook organized the way you teach: McGraw-Hill Create

With Create, you can easily rearrange chapters, combine material from other content sources, and quickly upload content you have written, such as your course syllabus or teaching notes. Find the content you need in Create by searching through thousands of leading McGraw-Hill Education textbooks. Arrange your book to fit your teaching style. Create even allows you to personalize your book's appearance by selecting the cover and adding your name, school, and course information. Order a Create book and you'll receive a complimentary print review copy in 3 to 5 business days or a complimentary electronic review copy via e-mail in minutes. Go to **http://create.mheducation.com** today and register to experience how Create empowers you to teach *your* students *your* way.

Need help? Contact the McGraw-Hill Education Customer Experience Group (CXG)

Visit the CXG website at **www.mhhe.com/support**. Browse our FAQs (frequently asked questions) and product documentation and/or contact a CXG representative.

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ADDITIONAL INSTRUCTORS' RESOURCES

You can rely on the following materials to help you and your students work through the material in the book, all of which are available in the Instructor Resources under the Library tab in Connect: (available only to instructors who are logged into Connect)

Supplement	**Features**
Instructor's Manual (organized by Learning Outcomes)	—Answer keys for all exercises —Documentation of steps and screenshots for Medisoft exercises
PowerPoint Presentations (organized by Learning Outcomes)	—Key terms —Key concepts
Electronic Testbank	—EZ Test Online (computerized) —Word version —Questions have tagging for Learning Outcomes, level of difficulty, level of Bloom's Taxonomy, topic, and the accrediting standards of ABHES, CAAHEP, and CAHIIM where appropriate
Tools to Plan Course	—Correlations of the Learning Outcomes to accrediting bodies such as CAHIIM, ABHES, and CAAHEP —Sample syllabi and lesson plans —Conversion guide for *CiMO, 8e* to *CiMO, 9e* —Asset map—a recap of the key instructor resources, as well as information on the content available through *Connect*
Medisoft Advanced Version 19 Tools	—Implementation Guides for Live and Simulated Medisoft —Technical support information —First day of class PowerPoint presentation —Installation videos and directions —Student Data File —Backup and restore videos, directions, and files for live Medisoft use. (The Medisoft backup files are an important resource if students make mistakes with their data and you want them to have the correct data to start the next chapter.) —Certificate of completion
Case Studies for use with Computers in the Medical Office, 9e **NOTE: The exercises in this book can be only completed with the live Medisoft software. They are not available in Connect.*	This book provides a capstone simulation using Medisoft Advanced Version 19. It offers students enhanced training that is meant to improve their qualifications for a variety of medical office jobs. Extensive hands-on practice with realistic source documents teaches students to input information, schedule appointments, and handle billing, reports, and other essential tasks. The book provides additional activities, including more complex activities for advanced students. On the website you will find: —Instructor's Manual with sample syllabi and answer keys —PowerPoint presentations —Conversion guides —Correlations to accrediting bodies —Asset Map —Information on how to load Student Data File for this book and *CiMO* at the same time

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about the author

Susan M. Sanderson has authored all Windows-based editions of Computers in the Medical Office. She has also written *Case Studies for use with Computers in the Medical Office, Electronic Health Records for Allied Health Careers, and Practice Management and EHR: A Total Patient Encounter for Medisoft® Clinical.*

In her more than fifteen years' experience with Medisoft, Susan has participated in alpha and beta testing, worked with instructors to site-test materials, and provided technical support to McGraw-Hill customers.

In 2009, Susan earned her CPEHR (Certified Professional in Electronic Health Records) certification. In addition, she is a member of the Healthcare Information and Management Systems Society (HIMSS) and the eLearning Guild. Susan is a graduate of Drew University with further study at Columbia University.

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DIGITAL PRODUCTS

Several instructors helped author and review the digital content for Connect, SmartBook, and more!

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This book is truly the result of a group effort.

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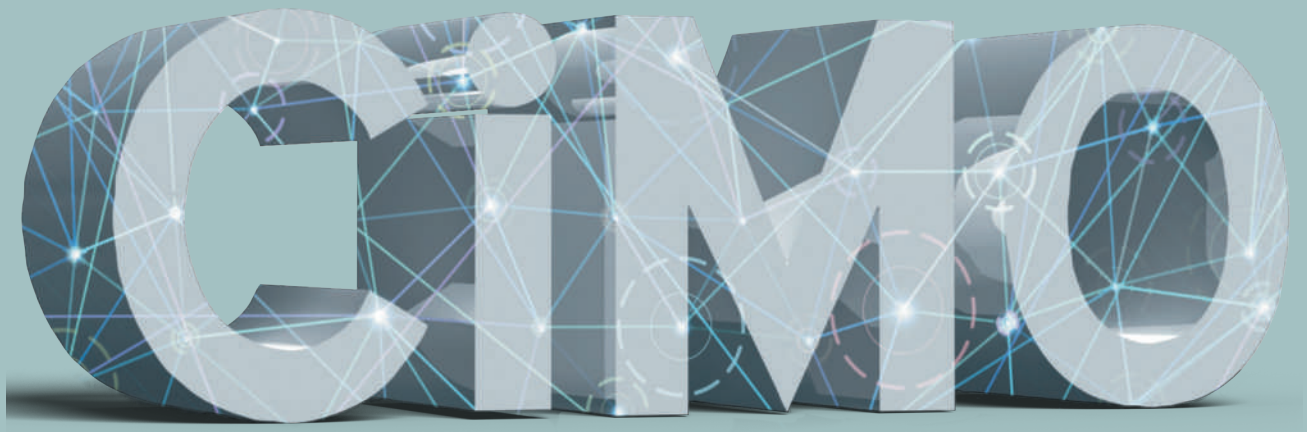
part 1



INTRODUCTION TO COMPUTERS IN THE MEDICAL OFFICE

Chapter 1:
Introduction to Health Information Technology and Medical Billing

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chapter 1

INTRODUCTION TO HEALTH INFORMATION TECHNOLOGY AND MEDICAL BILLING

key terms

accountable care organization (ACO)
adjudication
Affordable Care Act (ACA)
after-visit summary (AVS)
audit
audit trail
breach
bundled payments
business associate
clearinghouse
coding
covered entity
Current Procedural Terminology (CPT®)
diagnosis
diagnosis code
documentation
electronic data interchange (EDI)
electronic health record (EHR)
electronic prescribing
electronic protected health information (ePHI)

learning outcomes

When you finish this chapter, you will be able to:

1.1 Explain the major changes taking place in the healthcare field.

1.2 Describe the functions of practice management programs.

1.3 Identify the core functions of electronic health record programs.

1.4 List the step in the medical documentation and billing cycle that occurs before a patient encounter.

1.5 List the steps in the medical documentation and billing cycle that occur during a patient encounter.

1.6 List the steps in the medical documentation and billing cycle that occur after a patient encounter.

1.7 Discuss how the HIPAA Privacy Rule and Security Rule protect patient health information.

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1.1 THE CHANGING HEALTHCARE LANDSCAPE

In the United States, the healthcare system is in a period of ongoing upheaval, as government legislation changes the way individuals buy, access, and pay for medical care. Over the past decade, it became obvious that major reform was needed. Survey after survey reported that while the United States spends more than any other country on healthcare, it ranks below most other countries on quality and outcome measures. According to the Commonwealth Fund, the U.S. spent $8,508 per person on healthcare in 2011—more than twice the $3,406 the United Kingdom spent, which ranked first overall in quality. Despite spending more, the U.S. ranks last overall among 11 industrialized countries on measures of quality, efficiency, access to care, equity, and healthy lives (see Table 1-1).

Beginning in 2009, in an attempt to rein in spending and improve overall quality, the federal government—the largest payer for

TABLE 1-1 U.S. Healthcare Rankings

Category	U.S. Ranking
Healthy lives	The U.S. ranks last on infant mortality, last on deaths that were potentially preventable if the person had timely access to care, and next-to-last on healthy life expectancy at age 60.
Access to care	The U.S. ranks last on every measure of cost-related access to healthcare. Individuals are not receiving a recommended test, treatment, or follow-up care over one-third of the time because of cost.
Healthcare quality	The U.S. ranks near the top on providing effective care and patient-centered care, while it does not perform as well when it comes to providing safe or coordinated care.
Efficiency	The U.S ranks last, due to the amount of time spent on insurance administration, the lack of communication among healthcare providers, and duplicate medical tests performed by more than one provider.
Equity	The U.S. ranks last. Almost 40 percent of adults with below-average incomes reported a medical problem but did not visit a doctor because of costs. Individuals with lower incomes also had to wait longer to receive certain types of care, such as seeing a specialist.

[*Source:* K. Davis, K. Stremikis, C. Schoen, and D. Squires, *Mirror, Mirror on the Wall, 2014 Update: How the U.S. Health Care System Compares Internationally,* The Commonwealth Fund, June 2014.]

key terms continued

electronic remittance advice (ERA)
encounter form
explanation of benefits (EOB)
fee-for-service
HCPCS
health information technology (HIT)
Health Information Technology for Economic and Clinical Health (HITECH) Act
Health Insurance Portability and Accountability Act of 1996 (HIPAA)
HIPAA Omnibus Rule
HIPAA Privacy Rule
HIPAA Security Rule
International Classification of Diseases, Ninth Revision, *Clinical Modification* (ICD-9-CM)
International Classification of Diseases, Tenth Revision, *Clinical Modification* (ICD-10-CM)
meaningful use
medical documentation and billing cycle
Notice of Privacy Practices
patient-centered medical home (PCMH)
patient information form
patient portal
practice management programs (PMP)
procedure
procedure code
protected health information (PHI)
remittance advice (RA)
revenue cycle management (RCM)

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healthcare, with over 100 million beneficiaries—passed several major pieces of legislation designed to improve the healthcare system.

HITECH ACT

The same studies that revealed that the U.S. spent more and received less when it came to healthcare also found that U.S. physicians have problems receiving information in a timely manner, coordinating patient care with other providers, and managing the required administrative paperwork. While other countries had begun introducing technology in healthcare, the U.S. once again lagged behind. In 2009, 83 percent of U.S. physicians and 90 percent of hospitals were managing patient information on paper. It was commonplace to see rows upon rows of yellow folders lining the bookshelves or filing cabinets of a medical office. The information technology that had transformed other areas of life such as shopping, banking, and entertainment was not having the same impact on healthcare.

To encourage the adoption of technology in healthcare, Congress passed the **Health Information Technology for Economic and Clinical Health (HITECH) Act**, part of the American Recovery and Reinvestment Act of 2009. The HITECH Act allocated billions of dollars to encourage physicians and hospitals to use health information technology to improve the quality and efficiency of care provided to patients. **Health information technology (HIT)** refers to the computer hardware, software, and networks that record, store, and manage health information.

Health Information Technology for Economic and Clinical Health (HITECH) Act part of the American Recovery and Reinvestment Act of 2009 that provides financial incentives to physicians and hospitals to adopt EHRs and strengthens HIPAA privacy and security regulations.

health information technology (HIT) technology that is used to record, store, and manage patient healthcare information.

Under the provisions of the act, physicians, hospitals, and other healthcare providers who adopt and use electronic health records are eligible for annual payments of up to $44,000 from Medicare and Medicaid. An **electronic health record (EHR)** is a computerized lifelong healthcare record for an individual that incorporates data from all sources that provide treatment. To receive payments, doctors and hospitals must show the systems are being used to improve patient care. **Meaningful use** is the utilization of certified EHR technology to improve quality, efficiency, and patient safety in the healthcare system. Beginning in 2015, providers who did not implement an electronic health record system received a reduction in Medicare reimbursement.

electronic health record (EHR) a computerized lifelong healthcare record for an individual that incorporates data from all providers who treat the individual.

meaningful use the utilization of certified EHR technology to improve quality, efficiency, and patient safety in the healthcare system.

More than five years after its passage, the HITECH Act seems to have accomplished its major goal—increasing the use of HIT in healthcare. A study found that just over 80 percent of physicians and 97 percent of hospitals have EHRs that qualify for the government incentives.

AFFORDABLE CARE ACT

In 2010, the government passed the Patient Protection and Affordable Care Act—commonly referred to as the **Affordable Care Act (ACA)**.

Affordable Care Act (ACA) federal legislation passed in 2010 that includes a number of provisions designed to increase access to healthcare, improve the quality of healthcare, and explore new models of delivering and paying for healthcare.

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The law was designed to increase access to healthcare, improve the quality of healthcare, and explore new models of delivering and paying for healthcare. This legislation significantly impacts everyone who uses or provides healthcare, including individuals, employers, health plans, and providers. While the scope of the changes are beyond this textbook, students must understand the basic provisions of the law and its effect on physician practices.

Major provisions of the ACA include:

- Expanding Medicaid to all non-Medicare eligible individuals under age 65 with incomes up to a certain level; optional on a state-by-state basis.
- Creating health insurance exchanges through which individuals who do not have access to public coverage or affordable employer coverage will be able to purchase insurance with premium and cost-sharing credits available to some people to make coverage more affordable.
- Requiring insurance companies to cover all applicants, including those with preexisting conditions with a minimum set of services, limit annual out-of-pocket expenses, and offer the same rates regardless of preexisting conditions or gender.
- Requiring most U.S. citizens and legal residents to obtain health insurance or pay a penalty.
- Requiring employers with 50 or more full-time employees to offer health coverage to employees or pay a penalty.
- Providing dependent coverage for children up to age 26 for all individual and group policies.
- Prohibiting health plans from placing lifetime limits on the dollar value of coverage and prohibit insurers from denying or canceling coverage except in cases of fraud.

IMPLICATIONS FOR PHYSICIAN PRACTICES

As the Affordable Care Act is implemented, physicians face a number of challenges, including an increase in individuals with insurance coverage, an increase in patients' financial responsibility for healthcare costs, and experimentation with new models of providing care and receiving payment.

More Patients

Millions of Americans who previously did not have health insurance are now insured. Some enrolled in the health insurance exchanges, while others are part of the ACA's expansion of Medicaid coverage. With more patients insured, providers, especially primary care providers, may see an increase in patient volume. Some practices may need to hire additional staff to handle the increase in volume.

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More Coverage

Under the ACA, individual and small group health plans are required to cover 10 essential health benefits including maternity and newborn care, preventive and wellness services, chronic disease management; and pediatric services, including oral and vision care.

Patients Pay More

Health insurance exchange plans have relatively high out-of-pocket payments. Annual deductibles can reach $5,000 for individuals and $10,000 for families. As a result, physician practices will need to be vigilant about collecting patient payments at the time of service, rather than afterwards.

Changing Payment and Care Models

Both government payers and private health plans are experimenting with new payment and care models designed to change the way physicians, hospitals, and other providers are paid in order to provide higher quality care at lower costs. These models focus on encouraging the coordination of care among physicians, hospitals, and other providers and providing additional support to primary care practices.

fee-for-service a model of physician reimbursement in which payment is provided for specific, individual services provided to a patient.

The traditional **fee-for-service** model provides reimbursement for specific, individual services provided to a patient. The exact amount paid for services is negotiated between health plans and other payers and providers. The new models reward positive patient outcomes rather than the volume of procedures completed. Simply put, the emphasis of the new models is on paying for value, not volume. The most common new models include pay-for-performance, shared savings programs, and bundled payments. No one model is expected to replace the traditional fee-for-service. There is considerable overlap among the models, and many implementations combine some aspects of fee-for-service with some elements of the new models.

Pay-for-Performance

Pay-for-performance models compensate physicians for achieving defined and measurable goals related to care processes and outcomes, patient experience, resource use, and other factors. For a primary care provider, examples of goals include reducing hospital readmissions, prescribing generic rather than brand name drugs, and eliminating unnecessary diagnostic testing. The ability to track clinical data using an electronic health record program is essential to participation in a pay-for-performance program.

patient-centered medical home (PCMH) a model of primary care that provides comprehensive and timely care to patients, while emphasizing teamwork and patient involvement.

The **patient-centered medical home (PCMH)** is a pay-for-performance model of primary care that provides comprehensive and timely

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TABLE 1-2 Core Features of a Patient-Centered Medical Home

Feature	Description
Patient Centered	Healthcare is viewed as a partnership among practitioners, patients, and their families. Patients have the education and support they need to make decisions and participate in their own care. Care decisions respect patients' wishes.
Comprehensive	Care is provided by a team of healthcare professionals, who collectively take responsibility for ongoing patient care, including preventive care, acute and chronic care, and end-of-life care.
Coordinated	Care is coordinated and integrated across the community's healthcare system, including specialists, hospitals, home health agencies, nursing homes, etc.
Quality and Safety	The healthcare team uses evidence-based medicine and clinical decision-support tools to ensure that patients and families make informed decisions about their health.
Access	Patient's waiting time for care is reduced, and access to care is expanded through features such as nontraditional office hours and the use of e-mail, patient portals, and other technology.

[*Source:* http://www.pcmh.ahrq.gov/page/defining-pcmh]

care to patients, while emphasizing teamwork and patient involvement. When primary care practices have the resources to better coordinate care, engage patients in their care plan, and provide appropriate, timely preventive care, many patients remain healthier and avoid hospitalization. Table 1-2 lists the core features of a PCMH.

Shared Savings

In the shared savings model, a group of providers—known as an **accountable care organization (ACO)**—share responsibility for managing the quality and cost of care provided to a group of patients. Such a group could include primary care physicians, specialists, hospitals, home healthcare providers, and others. The ACO contracts with a payer to provide care for a patient population and meet certain quality and cost benchmarks for that population over a set period of time. If the group provides care at a lower cost than the predetermined amount, it shares the savings with the payer. If the care costs exceed the amount, the group is responsible for the difference. By making this group of providers jointly accountable for the health of their patients, the program provides incentives to

accountable care organization (ACO) a network of doctors and hospitals that shares responsibility for managing the quality and cost of care provided to a group of patients.

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coordinate care in a way that improves quality and saves money by avoiding unnecessary tests and procedures.

Bundled Payments

bundled payments a model of reimbursement in which single payments are made to multiple providers involved in an episode of care, creating a sense of shared accountability among providers.

Bundled payments, also known as episode payments, are single payments to multiple providers involved in an episode of care, creating a sense of shared accountability among providers. Payments are based on the expected costs for the episode of care, rather than for individual services provided. The episode may take place in multiple settings (inpatient, outpatient, etc.) over a period of time. Under this approach, providers have financial incentives to control the cost of the bundle. If the services can be delivered at a lower cost, the providers keep the savings. On the other hand, if services come in at a higher cost, perhaps because more care than expected had to be given, the group would also share in the losses.

1.2 FUNCTIONS OF PRACTICE MANAGEMENT PROGRAMS

practice management programs (PMP) software programs that automate many of the administrative and financial tasks in a medical practice.

To manage clinical and financial data, medical practices use two primary types of computer software: electronic health records record and store information about an individual's medical conditions, while **practice management programs (PMP)** manage the administrative and financial well-being of the practice. Practice management programs facilitate the day-to-day financial operations of a medical practice, from the time a patient makes an appointment until the time the account is fully paid. The PMP is used to complete many of the daily administrative and financial tasks of a medical practice, including:

- Verifying insurance eligibility and benefits.
- Organizing patient and payer information.
- Generating and transmitting insurance claims.
- Monitoring the status of claims.
- Recording payments from payers.
- Generating patients' statements, posting payments, and updating accounts.
- Managing collections activities.
- Creating financial and productivity reports.

CREATING AND TRANSMITTING CLAIMS

One of the most important functions of a PMP is to create and transmit healthcare claims. To accomplish this, the PMP collects information from its various databases and creates a claim file. A *database* is simply an organized collection of information. The PMP databases include information about the patient, the provider, the health plan,

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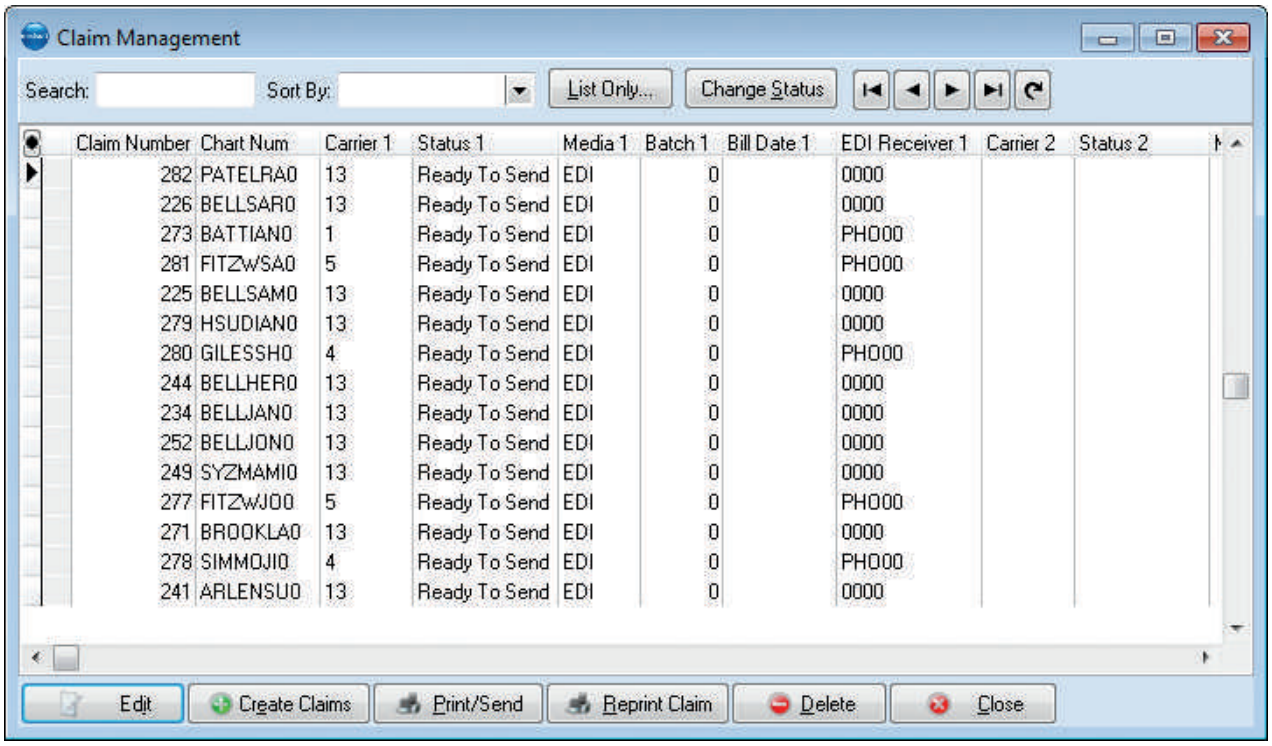

Figure 1-1 A screen from a practice management program showing claims ready to be sent

the facility, and more. In most cases, the claim file is sent to the insurance carrier electronically, using an Internet connection. The electronic transmission of the claim file replaces the previous method of processing claims, which required filling out paper claim forms and sending them in the mail. Since the PMP transmits claims electronically, physicians receive payment in less time than when performing the same tasks on paper. Figure 1-1 displays a claims screen from a PMP, with a batch of claims listed as "Ready to Send."

MONITORING CLAIM STATUS

Once the claim file has been transmitted to the health plan, the PMP is used to follow up on the status of claims. If the claim is not processed within the expected time frame, the PMP can send electronic messages to the health plan to find out the status of the claim. Monitoring claim status is necessary to ensure prompt payment of claims.

RECEIVING AND PROCESSING PAYMENTS

When the health plan has processed the claim, the PMP receives a document that lists the amount that has been paid on each claim as well as the reasons for nonpayment or partial payment. After careful review to determine whether the payments are as expected, the payment information is entered in the PMP and applied to each patient's account. The payment from the health plan is usually an electronic payment that is sent directly to the practice's bank account, although in some cases paper checks are still used.

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