RFP guide for medical coding services

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The changing medical coding landscape

You probably already have an existing request for proposal (RFP) or process that your company uses to evaluate medical coding solutions. However, contracts can last for many years, and technology is changing fast. When you want to bring on new partners, there are now new things to consider.

Running a medical coding operation is tougher than ever, and now healthcare providers, revenue cycle firms, and electronic health record (EHR) companies often look to strong partners to help them increase efficiency and scale quickly. Your partners have helped you get to where you are today, but if they haven't kept up with the pace of technology, then you may need to explore a broader set of options.

There are many partners in the landscape that offer services that can be in-house or remote—domestic or offshore. You can also evaluate technology to use in your operations, including computer-assisted coding systems or medical coding automation.
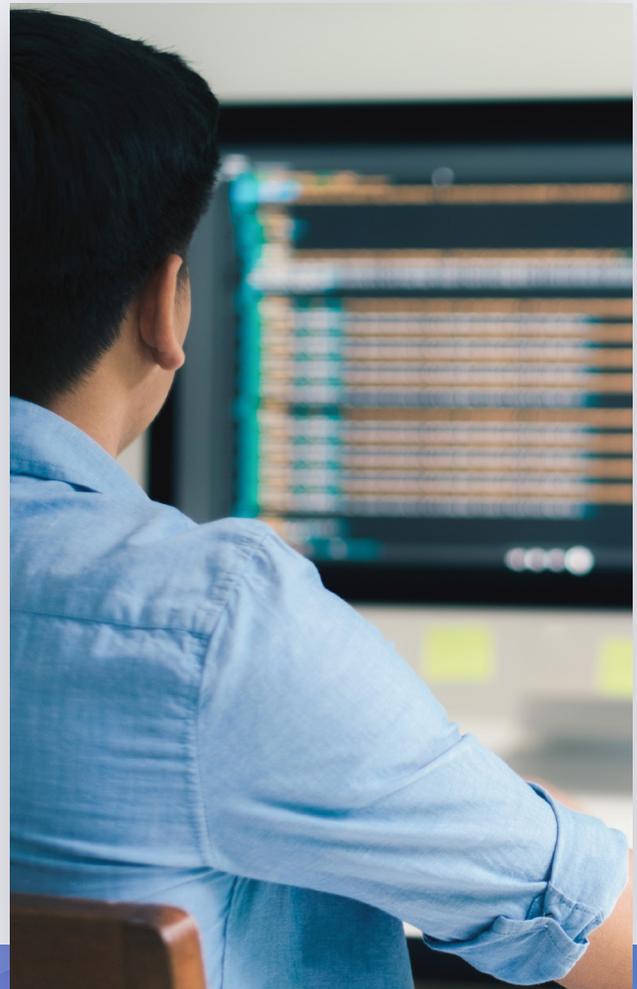
Why you should RFP your current and new coding services

Looking at new options doesn't mean you have to replace the coding operations you have today, but it is a good check to know whether you are leveraging all of your options. You can always add to your operations to scale your business or, if you find a more effective partner, consider changing whom you work with when your contract is up. The important thing is to give yourself options and know which partners will grow with you and contribute to your business goals. Although everyone values cheaper, faster, and better, getting granular about what matters most to your business on which dimensions and where the sensitivity thresholds exist will allow you to create a scorecard that you can use to evaluate prospective partners.

Looking at new options doesn't mean you have to replace the coding operations you have today.

Five sections to include in your RFP

There are many partners you can work with to add capacity and scale to your coding operations. With all the different options on the table, we have found it helpful to deconstruct RFPs into five sections: company information, experience, technology, security, and solution. We'll go over these sections and then deep-dive into the solution.

1. Company information

Use the company information section to ask questions about the company, how they operate, what their value proposition is, and exactly whom you'll be working with. The team that's dedicated to your account to ensure smooth implementation, onboarding, and ongoing support will help you decide whom you want to work with. You should expect them to be an extended part of your team, and working with a trusted team defines a true partnership.

Evaluate: Are these the people who will get the job done?

2. Experience

Use the experience section to ask questions about past work and current performance. This will give you an idea of whom they've coded for and what you should expect. Find out whether they've coded for other vendors or for healthcare providers, what sort of volume they can handle, and what specialties they focus on.

Evaluate: Are they good at coding?

3. Technology

Over the past few years, there has been a great deal of new technology for coding. Use this section to find out what technology your partner uses. Learn about the architecture of their product, including proprietary or third-party technology. Technology is a very important piece of your evaluation because it can truly scale your business with increased accuracy and lower costs. If you are exploring multi-year partnerships, find out what is on the roadmap and if there are any forthcoming features or products that could better support your business goals.

**Evaluate:** Will they be critical to my future success?

4. Security

Your organization likely has standard data security and compliance questions that are used to vet any potential vendor. Given the sensitivity of the data required for coding, you should pay special care to any potential partner's approach to security. For example, you'll want to confirm that the company is HIPAA compliant and review certifications and supporting audit reports for standards and certifications such as SOC, HITRUST, EHNAC, SOC 2 Type 2, ISO 27001, and so on. Beyond the standard security questions, you'll want to know how your data will be accessed and by whom. Is it through VPN, login, APIs, or so?

Evaluate: Can I trust them with our data?

5. Solution

The primary reason to RFP vendors is to learn about their solution. Understand the approach the vendor will use to address your coding needs. We've broken down different sections to help you evaluate coding services: implementation, labor, speed, scale, accuracy, reporting, and cost. Some of these components may be more important for your business, but you should consider all of them in a modern evaluation.
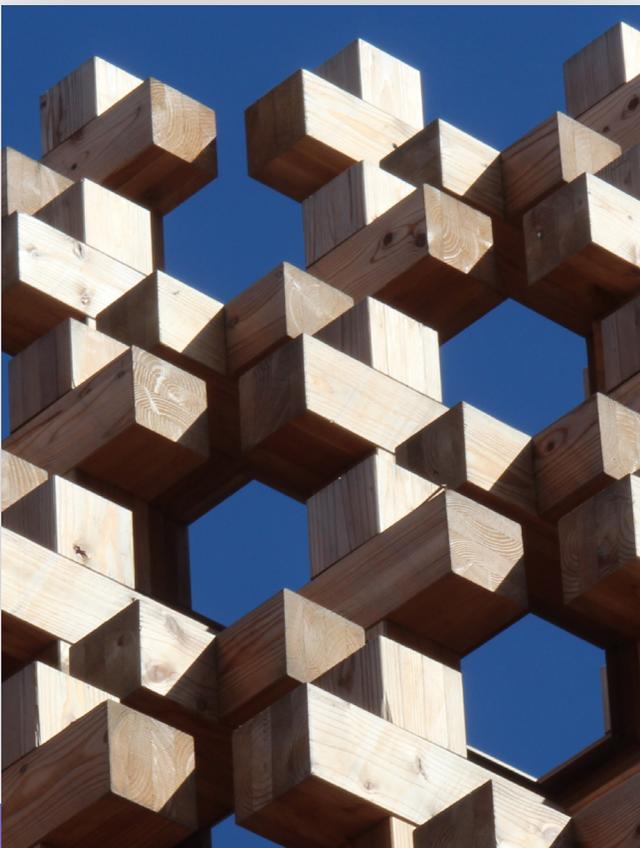
Evaluating solutions for medical coding services

Ask vendors to describe how their solution meets your coding needs and broader business objectives. Because vendors are all different in their approach, you may get wildly different solutions. We've put together important aspects to look for in a solution:

- Implementation
- Labor
- Speed
- Scale
- Accuracy
- Reporting
- Cost

Implementation

When considering a new vendor, you need to take into account all of the factors surrounding implementation to ensure alignment with your business goals. It is important to understand how vendors will integrate with your current systems, people, and processes. Find out if they will need access to your internal teams to complete the implementation. Find out the overall plan, timeline, and resources to implement. Depending on what you need, some services may be able to start coding for you immediately, while others may require a system integration in the event that you're looking for higher-tech solutions.
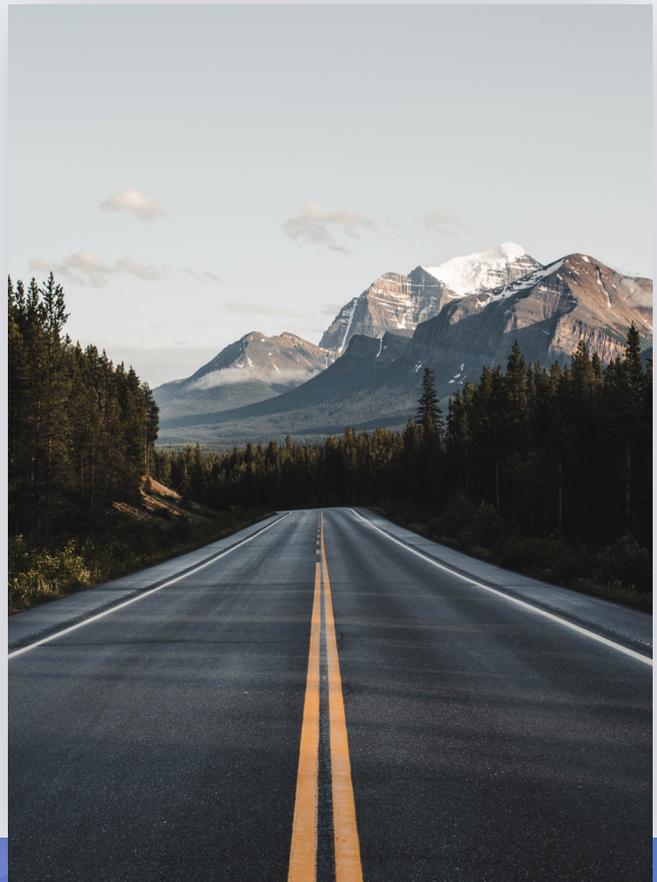
Labor

How your vendor staffs the coding operation will impact security, accuracy, speed, and cost. Your business may require coders to be in certain physical locations such as the United States, but there are many options to consider.

- **Onsite versus remote.** Do you need coders to be present in your facility? Many coders now work from home and code when they want. If you are comfortable with remote coders, you can consider whether you would rather they be domestic or offshore. If you are able to leverage offshore coding, you'll find cost savings from working with offshore coders.

- **Time zone differences.** You may be able to benefit from the time zone difference between the United States and countries like India and the Philippines to pull in your accounts receivable (A/R) time.

- **Blended approaches.** Many teams are adopting AI-powered solutions that can code a percentage of your chart without any assistance from a coder, reducing the need for labor.

Speed

Though a lengthy coding turnaround can obviously impact your DNFC (discharged not finally coded) and coding backlog, faster coding can improve clinical documentation improvement (CDI) and A/R. By coding more quickly, you can identify potential documentation gaps and follow up with physicians more quickly while the encounter is still fresh in the physician's mind to ensure revenue integrity. Find out from your partners what sort of turnaround you can expect without trading off accuracy. Ask about service-level agreement (SLA) length and structure. Find out the average turnaround time for charts and ask about absolute benchmarks.

AI-powered solutions reduce the need for labor

Scale

Though most coding service firms can support the needs of smaller organizations, if you are a large organization or one that is growing rapidly, you should consider your prospective partner's scalability. Selecting a partner that meets a narrow need today only to later discover that that partner cannot support a broader array of specialties or maintain the same level of service with increased scale is a common mistake.

Accuracy

Though accuracy is an unquestionably valuable dimension, coding labor cost will typically correlate with accuracy inversely. Higher-quality coding often comes at a higher price. It is important to have clear targets for accuracy with a numerical framework to score and measure coding performance beyond just the binary measure of, "Was the chart coded correctly?" Consider your organization's broader goals (claim denial, cost reduction, turnaround, audit-risk mitigation, cost containment, and so on) so that you can make sure that you understand the trade-offs you may want to make between accuracy and other business goals.

Another differentiator of solutions is the analytics and data you'll get back from vendors. Make sure your partner knows which metrics are important to you. Understand whether they have a dashboard or if reporting is customizable to your needs. This will ensure that you know what's working and how your coding is managed. It will also ensure that you'll always have the data you need to support any internal reporting requirements.

Cost

Working with new partners may be able to substantially decrease the cost of your coding operations, but you will need to ensure that you fully understand the total cost of ownership of any proposed solution. Find out about setup costs, volume pricing, and pricing by specialty or location. Depending on the solution, you may be paying on a per chart or per headcount basis. Consider whether the vendor requires a minimum to get started. Understand the total cost of getting your charts coded and weigh it against the scorecard you have created based on your business goals.

RFP setup to get stronger responses

We've covered everything you may want to address in an RFP response, but as part of your RFP, you'll also want to provide bidders with key information that helps them give you the best solutions. This includes:

- An overview of your company

- An overview of what your coding operation looks like and key challenges

- An overview of what you want in a coding partner

- The process, timeline, and basis for your selection

Invest time in writing this upfront part of the RFP so that you can really set bidders up for success. They can customize solutions for you if you give them the right information.

Conclusion

Medical coding is critical to any revenue cycle and managing it effectively creates new challenges and opportunities daily. With new services and technology available, you want to ensure that your coding operations are fully optimized to meet the needs of your business. If it is the best solution for your business today, you may still need partners to get you to where you need to be in 3–5 years. Think about creating an RFP process to learn more about what partners can get you to the future.

FATHOM

Fathom uses deep learning to structure the data contained within physician notes to automate medical coding. With AI coding your charts instantly and accurately, you can scale your operations and increase revenue while reducing labor costs. Fathom can code millions of charts per day at unparalleled accuracy and cost, and is trusted by some of the top RCM and EHR firms in the nation.

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