Otolaryngology Coding Alert

Benchmarking: Examine Your Coding Trends With a Benchmarking Study

Know exactly where your ENT practice stands by performing a code comparison.

Have you ever wondered whether the other otolaryngology offices across the country are reporting 99213 as often as you are? Or if you report 99221 more than the average ENT practice? Or even whether you've billed 99231 more this year than you did last year? If so, then it's time to start benchmarking.

What this means: Benchmarking creates a standard against which you can compare other data, says Chip Hart of Physician's Computer Company. "When you take labs or look at blood levels, those are benchmarks that you compare against something else for clinical reasons," he explains. "We all know that a pulse of 200 is probably not healthy, a blood pressure of 90 over 30 is probably not healthy." The same goes for your practice's financial well-being, he says—once you know whether or not your accounts receivables are healthy, you can keep an eye on them to see whether they go up or down.

This means you should not only compare your coding trends against other ENTs nationwide, but also that you benchmark against yourself. For instance, if you change your billing or coding processes, you have no way of knowing whether the new program is more efficient if you don't benchmark your current information against your old data.

In addition, you should use benchmarks not just as a measure of past performance, but also to set goals for your practice, such as in terms of your revenue or claims success.

First, Compare Against Yourself

Although there are a lot of variables that you can use for comparison, if you're just starting out with a benchmarking, you should use data that is easily accessible to you, says **Andrew Maller, MBA, COE**, principal and consultant with BSM Consulting in Phoenix

"Profit and loss statements can track a number of key metrics," he advises. One would be the operating expense ratio or overhead ratio, which are the total expenses before provider compensation divided by revenue. It's a great indication of overall practice efficiency—the management of your expenses." The inverse of that is to evaluate your net operating income ratio, he advises. "After expenses are paid, how much is left to cover compensation for providers?" These two metrics are great to starting points when you're reviewing your results for the first time.

Other things you can evaluate from profit and loss statement are staffing costs, Maller says. "This is typically your highest expense category — track that in relation to revenue." According to Maller, staff payroll expenses, including wages, payroll taxes, and benefits, often represent somewhere around 25 to 30 percent of practice revenue. Using this result as a starting point, it's often easier to diagnose whether your practice is staffed properly.

Determine Your E/M Distribution

Your E/M distribution is also important to calculate so you know exactly which codes you're reporting the most frequently in each category. Of course, if you see that your E/M usage changes quite a bit from one month to the next, you shouldn't necessarily panic. Maybe you saw a lot of patients with seasonal allergies that caused breathing problems at a certain time of year and reported a lot of high-level codes for their management, and then the next month you just saw more patients for tube rechecks, which were lower-level. The key is to look for and identify trends over time rather than taking a snapshot of one month and focusing on that.

You should also not read too deeply into differences between your coding curves and other ENTs'. A practice in Florida may be treating older, sicker patients than a practice in San Francisco, and therefore may bill more high-level E/M codes. The key is to ensure that you're coding accurately at all times.

"Besides comparing intra-category codes (comparing the distribution of new patient codes over all of the levels as well as the distribution of established patient codes over all of the levels, etc.), the practice should also look at intra-category comparisons, such as established patients to new patients, established patients to initial hospital visits, and initial hospital to subsequent hospital services," says **Barbara J. Cobuzzi, MBA, CPC, CENTC, COC, CPC-P, CPC-I, CPCO**, vice president at Stark Coding & Consulting, LLC, in Shrewsbury, N.J.

Finally, Cobuzzi adds, the practice should look at the ratio of a category code to all E/M services such as looking at the ratio of new patient visits to all E/M codes, established patient office visits to all E/M codes, initial hospital visits to all E/M Codes, and so on. "When one is lost in the woods, one point of reference will not tell them where they are," she says. "The same can be said about the bell curve analysis. One needs three reference points to figure out where they are when they are lost in the woods. In the same way, one needs three reference points when analyzing E/M performance. Bell Curves, inter-service, intra-service and comparison to all E/M services gives the practice four points of reference to fully understand how the practice is doing with E/M coding."

If you see trends that indicate that one doctor in your practice reports all 99215s and another reports all 99212s, examine why. It's possible that one ENT specializes in a more complex subspecialty while the other does office-based procedures, and that explains the differences. However, it's also possible that one of the physicians is coding inaccurately, and it should be a springboard to examine both doctors' records more accurately and launch a training session for them if warranted.