LEARNING MADE EASY

4th Edition

Medical Billing & Coding

for dummies®

A Wiley Brand

- Launch a career in medical billing & coding
- Navigate emerging technologies used across the industry
- Find training programs and certification options

Karen Smiley, CPC

Certified medical coding expert

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4th Edition

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Contents at a Glance

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Introduction

Welcome to *Medical Billing & Coding For Dummies!* Consider this your personal guided tour to the profession that all physicians, hospitals, and clinics rely on to get paid in a timely fashion. This book shows you the ins and outs of the medical billing and coding profession, from the differences between the two jobs to how to prepare for and land a billing and coding job to what to expect after you're safely in that office chair.

As you read this book, you'll discover that medical billing and coding is a vital cog in the healthcare wheel. After all, the medical biller and coder is the rainmaker of the healthcare industry, turning the healthcare provider's documentation into payment.

Medical billing and coding is way more than codes and insider jargon, though. It's also about working with people and knowing how to interact with each type of person or business you come in contact with, from patients and physicians to fellow coders and insurance reps — a virtual who's who of the medical world — and you'll be right in the middle of them all!

About This Book

The world of medical billing and coding, what with all the terminology you must master and the codes you need to know, can seem big and a bit daunting at times. After all, there's a lot to remember and so, so many codes. But don't worry: Parsing the ins and outs of all the details on how to enter the correct code is what those super-technical coding books are for. Think of *this* book as a friendly guide to all the twists and turns you'll encounter in your medical billing and coding world, from taking the certification exam and finding a job to working with insurance companies and deciphering physician documentation.

Not only do I share the ins and outs of the profession itself and what to expect on the job, but I also tell you what you need to know to succeed.

What this book isn't is a book of codes. Tons of great resources are out there that list all the codes you need to do your job properly, and I recommend that you have them handy. Instead, this book is a friendly take on the job as a whole. And, in this

fourth edition, I give you all the details to get you started in this dynamic career, including what is coming in the 11th edition of the International Classification of Diseases (ICD-11). My main goal with this book is to introduce you to the wider world of medical billing and coding so that you are prepped and ready to scrub in for this challenging, evolving, and always exciting career.

Foolish Assumptions

In writing this book, I made some assumptions about you:

- You're a medically minded individual who is interested in pursuing a career in medical billing and coding and has no previous coding experience.
- You're a current medical professional who is looking to switch to the coding side of the industry.
- You're a medical billing and coding student who is looking for information on certifications, job hunting, and the career in general.

Regardless of why you picked up this book, you can find the info you need to pursue your medical billing and coding career goals with confidence.

Icons Used in This Book

As you read this book, you'll notice icons peppered throughout the text. Consider these signposts directing you to special kinds of information. Here's what each icon means:


TIP

This icon marks tips and tricks you can use to help you succeed in the day-to-day tasks of medical billing and coding.


REMEMBER

This icon highlights passages that are good to keep in mind as you master the medical billing and coding profession.


WARNING

This icon alerts you to common mistakes that can trip you up when you are coding or following up on a denial.

This icon indicates something cool and perhaps a little offbeat from the discussion at hand. Feel free to skip these bits.

Beyond the Book

In addition to the material in the print or e-book you're reading right now, this book also comes with a free, access-anywhere Cheat Sheet that has all the best tips on medical billing and coding. To get this Cheat Sheet, simply go to `www.dummies.com` and type **Medical Billing & Coding For Dummies Cheat Sheet** in the Search box.

Where to Go from Here

This book is designed to be easy to navigate and easy to read, no matter what topic you're interested in. Looking for information on certification exams? Head to Chapter 7. Want to know how to file an appeal? Chapter 14 has the information you need.

Of course, if you feel confident that you already know the basics on medical billing and coding and you want to dive into the middle of this book, feel free. That said, getting a strong idea of what the medical billing and coding job entails can be incredibly useful if you're a bit on the fence about whether this is the job for you. If that description fits you, start in Part 1, where you can find some really useful overview-type info.

Bottom line: Go wherever you want. After all, it's your life, it's your future, and this profession is yours for the taking. Go for it!

1 Getting to Know Medical Billing and Coding

IN THIS PART . . .

Getting an overview of the who, what, when, and where of the billing and coding profession

Finding out the difference between being a medical biller and being a medical coder

Examining what you need to know now to enter and succeed in this field

IN THIS CHAPTER

- Getting to know the industry
- Deciding whether the job is right for you
- Choosing a certification
- Planning your education

Chapter 1

Dipping Your Toes into Medical Billing and Coding

Welcome to the world of medical billing and coding! No other job in the medical field affects more lives than this one because everyone involved in the healthcare experience, from the patient and front office staff to providers and payers, relies on you. You are, so to speak, the touchstone in the medical industry.

A lot rests on your shoulders as the biller and coder. With this responsibility comes great power, and that power must be treated with respect and integrity. In this chapter, I take you on a very brief tour of what medical billing and coding entails. I hope you find, as I have, that working as a medical biller/coder is a challenging and rewarding job that helps you to fulfill your dreams as you become an integral cog of the medical industry.

Coding versus Billing: They Really Are Two Jobs

Although many people refer to billing and coding as if it were one job function (a convention I use in this book unless I'm referring to career-specific functions), billing and coding really are two distinct careers. In the following sections, I briefly describe the tasks and functions associated with each job and give you some things to think about to determine which path you want to pursue:

- The medical coder deciphers the documentation of a patient's interaction with a healthcare provider (physician, surgeon, nursing staff, and so on) and determines the appropriate procedure (CPT) and diagnosis code(s) (ICD) to reflect the services provided.
- The medical biller then takes the assigned codes and any required insurance information, enters them into the billing software, and then submits the claim to the payer (often an insurance company) to be paid. The biller also follows up on the claim as necessary.
- Both medical billers and coders are responsible for a variety of tasks, and they're in constant interaction with a variety of people (you can read about the various stakeholders in Part 5). Consider these examples:
  - Because they're responsible for billing insurance companies and patients correctly, medical billers have daily interaction with both patients and insurance companies to ensure that claims are paid correctly and in a reasonable time.
  - To ensure coding accuracy, coders often find themselves querying physicians regarding any questions they may have about the procedures that were performed during the patient encounter and educating other office staff on gathering required information.
  - Billers (but sometimes coders, too) have the responsibility for explaining charges to patients, particularly when patients need help understanding their payment obligations, such as coinsurance and copayments, that their insurance policies specify.
- When submitting claims to the insurance company, billers are responsible for verifying the correct billing format, ensuring the correct modifiers have been appended, and submitting all required documentation with each claim.

In short, medical billers and coders together collect information and documentation, code claims accurately so that physicians get paid in a timely manner, and

follow up with payers to make sure that the money finds its way to the provider's bank account. Both jobs are crucial to the office cash flow of any healthcare provider, and they may be done by two separate people or by one individual, depending upon the size of the office.

For the complete lowdown on exactly what billers and coders do, check out Chapter 2 for general information and Part 4, which provides detailed information on claims processing.

Following a Day in the Life of a Claim

When you're not interfacing with the three Ps — patients, providers, and payers — you'll be doing the meat and potatoes work of your day: coding medical records to start the process of converting provider-performed services into revenue.

Claims processing refers to the overall work of submitting and following up on claims. Here in a nutshell is the general process of claims submission, which begins almost as soon as the patient enters the provider's office:

1. **The patient hands over their insurance card and fills out a demographic form at the time of arrival.**

   The demographic form includes information such as the patient's name, date of birth, address, Social Security or driver's license number, the name of the policyholder, and any additional information about the policyholder if the policyholder is someone other than the patient. At this time, the patient also presents a government-issued photo ID so that you can verify that they are actually the insured member.


WARNING

   Using someone else's insurance coverage is fraud. So is submitting a claim that intentionally misrepresents an encounter in order to obtain payment. All providers are responsible for verifying patient identity, and they can be held liable for fraud committed in their offices.

2. **After the initial paperwork is complete, the patient encounter with the service provider or physician occurs, followed by the provider documenting the services.**

3. **The coder abstracts the billable codes, based on the physician documentation.**

4. **The coding goes to the biller who enters the information into the appropriate claim form in the billing software.**

   After the biller enters the coding information into the software, the software sends the claim either directly to the payer or to a clearinghouse, a company that sends the claim to the appropriate payer on the provider's behalf for reimbursement.

If everything goes according to plan, and all the moving parts of the billing and coding process work as they should, your claim gets paid and no follow-up is necessary. For a detailed discussion of the claims process from beginning to end, check out Chapters 11, 12, and 13.

Of course, things may not go as planned, and the claim may get hung up somewhere — often for missing or incomplete information — or it may be denied. If either of these happens, the biller/coder must follow up to discover the problem and then resolve it. Chapter 14 has all the details you need about this part of your job.

Keeping Abreast of What Every Coder Needs to Know

If you're going to work in the medical billing and coding industry, you must familiarize yourself with three big must-know items: compliance (following laws established by federal or state governments and regulations established by the Department of Health and Human Services or HHS, or other designated agencies), medical terminology (the language healthcare providers use to describe the diagnosis and treatment they provide), and medical necessity (the diagnosis that makes the provided service necessary). In the following sections, I introduce you to these concepts. For more information, head to Part 2.

Complying with federal and state regulations

In the United States, as in many countries, healthcare is a regulated industry and you have to follow certain guidelines. In the United States, these rules are enforced by the Office of Inspector General (OIG). The regulations are designed to prevent fraud, waste, and abuse by healthcare providers, and as a medical biller or coder, you must familiarize yourself with the basics of compliance.

Being *in compliance* basically means an office or individual has established a program to run the practice under the regulations as set forth by federal or state governments and the department of HHS or other designated agencies.

You can thank something called HIPAA for setting the bar for compliance. The standard of securing the confidentiality of healthcare information was established by the enactment of the Health Insurance Portability and Accountability Act (HIPAA). This legislation guarantees certain rights to individuals with regard to their healthcare. Check out Chapter 4 for more info on compliance, HIPAA, and the OIG.

Learning the lingo: Medical terminology

Everyone knows that doctors speak a different language. Turns out that that language is often based on Latin or Greek. By putting together a variety of Latin and Greek prefixes and suffixes, physicians and other healthcare providers can describe any number of illnesses, injuries, conditions, and procedures.

As a coder, you need to become familiar with these prefixes and suffixes so that you can figure out precisely what procedure codes to use. By mastering the meaning of each segment of a medical term, you'll be able to quickly make sense of the terminology that you use every day.

You can read about the most common medical prefixes and suffixes in Chapter 5.

Demonstrating medical necessity

Before a payer (such as an insurance company) will reimburse the provider, the provider must show that rendering the services was necessary. Setting a broken leg is necessary, for example, only when the leg is broken. Similarly, prenatal treatment and newborn delivery is necessary only when the patient is pregnant.

To demonstrate medical necessity, the coder must make sure that the diagnosis code supports the treatment given. Therefore, you must be familiar with diagnosis codes and their relationship to the procedure codes. You can find out more about medical necessity in Chapter 5.


REMEMBER

Insurance companies are usually the parties responsible for paying the doctor or other medical provider for services rendered. However, they pay only for procedures that are medically necessary to the well-being of the patient, their client. Each procedure billed must be linked to a diagnosis that supports the medical necessity for the procedure. All diagnoses and procedures are worded in medical terminology.

Deciding Which Job Is Right for You

If you think the idea of working with everyone from patients to payers sounds good and working a claim through the billing and coding process seems right up your alley, then you can start to think about which particular jobs in the field may be a good fit for you. Luckily, you have lots of options. You just need to know where to look and what kind of job is right for you. I give you some things to think about in the following sections.

Examining your workplace options

Before you crack open the classifieds, give some thought to what sort of environment you want to work in. You can find billing and coding work in all sorts of places, such as

- Physician offices
- Hospitals
- Nursing homes
- Outpatient facilities
- Billing companies
- Home healthcare services
- Durable medical good providers
- Practice management companies
- Federal and state government agencies
- Commercial payers

Which type of facility you choose depends on the kind of environment that fits your personality. For example, you may want to work in the fast-paced, volume-heavy work that's common in a hospital. Or maybe the controlled chaos of a smaller physician's office is more up your alley.

Other considerations for choosing a particular area include what you can gain from working there. A larger office or a hospital setting is great for new coders because you get to work under the direct supervision of a more experienced coding staff. A billing company that specializes in specific provider types lets you become

an expert in a particular area. In many physician offices, you get to develop a broader expertise because you're not only in charge of coding, but you're also responsible for following up on accounts receivable and chasing submitted claims.

To find out more about your workplace options and the advantages and disadvantages that come with each, head to Chapter 3.

Thinking about your dream job

Although you can't predict the future, you can begin to put some thought into your long-term career goals and how you can reach them. Here are some factors to consider when thinking about what kind of billing/coding job you want:

- **The kind of job you want to do and the tasks you want to spend your time performing:** Refer to the earlier sections "Following a Day in the Life of a Claim" and "Keeping Abreast of What Every Biller/Coder Needs to Know" for more job-related tasks. Chapter 2 has a complete discussion of billing and coding job functions.
- **Where you plan to seek employment and in what kind of setting:** The preceding section gives you a quick idea of what your options are. Chapter 3 gives you more detail.
- **The type of certification potential employers prefer and the time commitment involved:** Many billing or practice management companies, for example, are contractually obligated to their clients to employ only certified medical coders to perform the coding.
- **The type of training program(s) available in your area:** Many reputable training programs are associated with the two main biller/coder credentialing organizations, the AAPC (American Academy of Professional Coders) and AHIMA (American Health Information Management Association), each of which tends to focus on a particular area. AAPC certification is generally associated with coding in physicians' offices, but it has recently updated its courses and now offers certification in both hospital inpatient and outpatient coding; AHIMA certification is generally associated with hospital coding. For information about finding a training program and your options, head to Chapter 8.


TIP

Take a few minutes (or hours!) now to think over these points. Trust me: It's time well spent before you jump on the billing and coding bandwagon.

Prepping for Your Career: Training Programs and Certifications

Breaking into the billing and coding industry takes more than a wink and a smile (though I'm sure yours are lovely). It takes training from reputable institutions and certification from a reputable credentialing organization. The next sections have the details.

Previewing your certification options

To score a job as a biller and coder, you should get certified by a reputable credentialing organization such as the AHIMA or the AAPC. In Chapter 7, I tell you everything you need to know about these organizations. Here's a quick overview:

- AAPC is the credentialing organization that offers Certified Professional Coder (CPC) credentials, as well as a myriad of other credentials. AAPC training focuses on physician offices, practice management, compliance, auditing, billing, and inpatient and outpatient hospital-based coding.
- AHIMA coding certifications — Correct Coding Specialist (CCS) and Certified Coding Associate (CCA) — are intended to certify the coder who has demonstrated proficiency in inpatient and outpatient hospital-based coding, while the Correct Coding Specialist—Physician-based (CCS-P) is, as its name indicates, for coders who work for individual physicians.

All sorts of other specialty certifications are also available, which you can read more about in Chapter 10.

TIP

To choose which certification — AHIMA or AAPC — best fits your career goals, first think about the type of training program you want. Second, examine your long-term career goals. What kind of medical billing and coding job do you ultimately want to do, in what sort of facility do you want to work, and how do you want to spend your time each day?

REMEMBER

To get certified, you must pass an exam administered by the credentialing organization. Head to Chapter 9 for exam details and information on how to sign up for one.