

The Revolutionary Evolution of Medical Transcription Services

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The evolution of medical transcription (MT) services in the healthcare industry is facing a revolution – against ever-increasing costs, fuzzy math, poor quality, poor turnaround time and diminished control for healthcare organizations.

Over the years, healthcare organizations have gradually deposited internal MT departments, and their inherent management headaches, in favor of outsourcing. The outsourcing model appeared attractive – fixed costs, no ongoing technology investments and little day-to-day management responsibility. Although the costs were generally higher than operating an efficient internal MT department, annual expenses were somewhat predictable. As a model, outsourcing has its virtues; as an application, it's a failure.

Outsourcing is a failure and the numbers prove it. An industry survey for the Medical Transcription Industry Alliance (MTIA), "Perceptions Are Reality: Marketing a Medical Transcription Service," presented in January 2002 found that just 69% of the healthcare organizations outsourcing MT services were satisfied with the result. Less than 7 out of 10 is a failing grade in almost any educational setting. In a business environment, this type of mediocre performance is a precursor to change.

On the other hand, internal MT departments present all-too-familiar challenges for healthcare managers and administrators – recruiting, training and transcriptionist retention difficulties, management considerations, space concerns and the expense of ever-changing technology. These are the primary reasons that lure healthcare organizations into outsourcing in the first place.

Some healthcare organizations rely on a disjointed combination of internal MT departments and outsourcing, accessing outsourcing only when volume strains internal resources. Although a quick-fix for peak volume times, costs, poor quality, poor turnaround time, lack of consistency and compatibility with internal operations take the shine off this combination as a permanent solution to MT challenges.

Finally, a constant variable with any MT solution is changing technology. What are the best system solutions? How long before a new technology solution becomes obsolete? What are the compatibility concerns with other information systems of the organization? How do you justify the ever-increasing annual maintenance costs? Do capital expenditures in new technology provide a return on investment or a drain on the bottom line?

The evolution of MT operations is causing a revolution in the management suites of healthcare organizations throughout the industry. Senior managers are clamoring for new thinking and innovative, long-term solutions to MT challenges.

Change is inevitable.

Pros and Cons of In-House MT Departments

Until the 1970s, internal MT departments were the standard operating practice for healthcare organizations. But today, just a slim majority of organizations, 53% according to the MTIA survey, use internal MT departments exclusively. Satisfaction with the results of the internal resources is also questionable, as 42% of the respondents indicated they were less than “extremely satisfied” with their own internal transcription operations, according to the MTIA survey.

Compared to total outsourcing, the cost efficiency of an internal organization with a production-based compensation program provides a straight labor cost-per-line advantage of approximately eight cents per line versus 16 to 20 cents per line for outsourcing. However, the internal line rate often neglects to factor management costs and fringe benefits along with the expenses of space and technology investments.

Internal operations also provide better quality control, controllable turnaround time and immediate access to data for the organization. The primary benefits are derived from the fact that the transcriptionists are employees of the organization, familiar with processes, procedures and medical personnel, which all contribute to consistency of the finished product and better control.

However, the challenges that spawned the trend toward outsourcing remain for those still operating internal MT departments. Qualified medical transcriptionists are difficult to recruit, train and retain in an extremely tight market for these specialized

services. Geographic variances make transcriptionist recruitment and retention even more difficult in areas where the demand for qualified transcriptionists exceeds the supply. Even with an adequate supply of qualified transcriptionists, competent management of an internal department remains as an additional challenge.

Internal MT operations also face the constant pressures of physical space requirements and the perpetual cycle of technology investments, obsolescence, expensive maintenance, and re-investment to maintain an efficient internal department. Additionally, fluctuations in volume often negatively impact quality control and turnaround time for internal departments. The combination of these challenges in operating an internal MT department has accelerated the trend toward outsourcing.

Is Outsourcing the Best Solution?

To combat the internal MT operational challenges of staff management, physical space requirements, volume fluctuations and constantly changing technology, outsourcing blossomed as the cure-all solution.

The trend toward outsourcing is undeniable. The MTIA survey indicates that 42% of all transcription workload is now being placed with some form of outsourcing, and this percentage continues to climb. Even with a satisfaction rate of less than 70% among outsourcing users, this alternative appears more attractive than the daily challenges of operating an internal department for healthcare managers. A closer look at numbers related to outsourcing costs reveals the primary weakness of this solution. Even though 42% of the total transcription workload is placed with outsourcing firms, outsourcing costs control a disproportionate 60% of the dollars spent industry wide on medical transcription, according to the MTIA survey.

Additionally, outsourcing brings additional negative baggage into the medical transcription mix. Transcriptionists of outsourcing firms often type for multiple clients, contributing to quality and consistency issues. Poor turnaround time and the access and control of information are other concerns cited most often by healthcare managers who rely on outsourcing. Around the corner are imminent compliance issues with the proposed security provisions of the Health Insurance Portability and Accountability Act (HIPAA).

Although the practice of complete outsourcing is proving not to be the magical panacea for MT woes in the marketplace, outsourcing does have attractive elements. Fewer management headaches, no physical space requirements, handling of volume overloads and the practical elimination of costs associated with changes in technology are available through outsourcing. Naturally, these advantages are obtainable for a cost – an ever-increasing premium that has senior managers questioning the bottom-line wisdom of outsourcing.

New Thinking – A Smarter Alternative

As senior managers of healthcare organizations struggle to control costs and maximize the efficiencies of new technology, a smarter alternative to internal MT operations, outsourcing or some combination currently available in the marketplace is emerging. It's the revolutionary evolution of outsourcing called "SmartSourcing."

Developed by Pittsburgh-based Diskriter, an employee-owned company with 55 years of medical transcription experience, SmartSourcing retains the advantages of internal MT departments and integrates the best attributes of outsourcing for an innovative solution to today's MT challenges. The launching pad for SmartSourcing is Diskriter's proprietary National Medical Transcription Benchmarking Study (NMTBS), which compares prospective client transcription operations with "best practices" in place throughout the country at healthcare organizations similar in size and demographics. The NMTBS calculates dozens of statistics to analyze all costs, quality and turnaround time. In addition, each participant in the NMTBS receives computer-generated comparative reports and customized reports highlighting transcription "Strengths," "Opportunities for Improvement," "Cost-Reduction Recommendations" and a "Five-Year Projected Cost Savings Report." The NMTBS compares an individual organization's present transcription methodology with all other alternative transcription methodologies to demonstrate how a more productive and cost-efficient methodology can impact the bottom line.

There are significant paradigm shifts in MT operations that make Diskriter's SmartSourcing a revolutionary solution. Diskriter recruits, hires and trains home-based, production-based transcriptionists that are full-time employees of the healthcare

organization. The transcriptionists work for a single entity and are not shifted from one client to another, and they are not employees of Diskriter.

However, Diskriter provides optional ongoing remote management of the transcriptionists at a fraction of the normal management costs, removing the time-consuming administrative and day-to-day operational responsibilities from an organization's staff. This management includes establishing policies and procedures in accordance with an organization's current practices, scheduling, performance reviews and payroll administration, in conjunction with an organization's human resources department.

Further, Diskriter's SmartSourcing provides clients with dictation and transcription software needs on its optional proprietary National Time Sharing Network. This time-sharing network was one of the first Application Service Providers (ASPs) developed in the industry and continues as one of the most cost-efficient networks of its kind. The use of ASP technology can provide significant savings by eliminating ongoing capital investment requirements, high maintenance costs and obsolescence. Additionally, the ASP rate is based on actual usage volume. A transcriptionist goes on-line to retrieve compressed, encrypted CMS-compliant files, processes the information off-line and uploads it to the appropriate repository.

Diskriter's SmartSourcing IT infrastructure will also ensure full compliance with the proposed security measures of HIPAA.

In the end, SmartSourcing retains the combined advantages of both internal MT operations and outsourcing. These include cost efficiency, remote management of transcriptionists, quality assurance, established turnaround times, control of and access to information, no physical space requirements, and minimal technology investments with no obsolescence and no expensive annual maintenance contracts.

SmartSourcing also eliminates the disadvantages of current MT alternatives, such as ever-increasing costs, fuzzy math, internal program management demands, perpetual capital investments in technology, physical space, poor turnaround time, poor quality, and questionable control and access to information.

Seamless Transition

Diskriter moves quickly to implement a SmartSourcing solution, taking primary responsibility for the planning, development and implementation of the program, typically completing the engagement within 90 days. This includes all details associated with recruiting, training, policies and procedures, implementation, ongoing management, dictation and transcription time-sharing systems, and electronic interfaces such as payroll administration, ADT information and uploads to clinical repositories.

The Cost-Savings Secret

By engaging transcriptionists as employees, healthcare organizations benefit from reduced labor costs versus straight outsourcing. Transcriptionists, working as home-based, production-based employees, are compensated approximately 8 cents per line, a significant savings over the 16 to 20 cents per line typically charged by outsourcing vendors. By employing the transcriptionists, healthcare organizations can eliminate the labor-related profit margin of an outsourcing vendor, the major contributing factor in significant bottom-line savings.

Also, the elimination of space-related costs and minimal capital investments required for up-to-date technology expand the saving for those selecting SmartSourcing as their MT solution. With a SmartSourcing solution, documented overall savings of 25% to 35% are being realized by healthcare organizations.

Win-Win – Year After Year

Naturally, there are program implementation and maintenance costs, but these are just a small fraction of labor-related profits or the physical space costs and the ongoing capital investments in changing technology that are being eliminated. These net dollar cost savings of 25% to 35% are significant and compound annually.

Keeping the best qualities of an internal MT operation and complementing them with the alluring qualities of an outsourcing alternative is the bedrock on which SmartSourcing is built. It's the revolutionary evolution of MT services in the healthcare industry today.

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