

Chapter 4 Case Study: Budget Justification

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A budget variance analysis between FY2018 and FY2019 shows variance in several areas. The HIM department total salaries/wages/benefits increased by 27.8%, and the coder positions I, II, & III combined total salaries/wages/benefits increased by 86.9%. Staffing costs increased due to the centralizing of coding to the HIM department and employee raises. HIM added three new Coder I positions, two new Coder II positions, three new Coder III positions, and a new Electronic Management Clerk.

These costs will continue to increase in 2020 due to the continued centralization of coding to the HIM department. The HIM department's total salaries/wages/benefits will rise again by 22.3%, and the coder positions I, II, & III combined total salaries/wages/benefits will increase again by 38.9%. All HIM staff will get a 2.5% increase in pay from 2019. The department will need to add a new HIM Coding Supervisor, two new Coder I positions, two new Coder II positions, and two new Coder III positions. The additional staffing costs outweigh the savings from the loss of two Electronic Management Clerks who are no longer needed because the EHR is live, and HIM is no longer organizing large volumes of paper records.

Outsourced transcription services decreased by 30.0% in 2019 and are expected to continue to decrease by 10% again in 2020. This trend continues after launching the EHR because care providers now complete all history, physicals, and progress notes directly in the EHR.

The implementation of CAC has a significant impact on the budget. CAC licensing fees have increased, and the managers must have a CAC specialist certification which adds a new expense category to the budget to pay for these certifications. Outsourced coding services increased by 40% in 2019 and are expected to rise again by 15% in 2020. This increase in outsourced coding is rising due to the CAC implementation. The department has experienced a significant productivity decrease expected to continue for nine months after the implantation last year (Hartman, 2012).

The HIM department has several expenses in 2020 that needed further research. The department will be paying AHIMA dues for the HIM Director, two HIM Coding Supervisors, and three Data Quality Specialists. AHIMA dues at the Active level of membership for these six managers are \$135 each, plus a \$50 additional fee for each manager because they each have a credential. The total cost for dues will be \$1,110 (AHIMA, n.d.j). The department will also be

purchasing six live AHIMA webinars. The three upcoming live offerings are *AHIMA Health Informatics Workshop* for \$89 (AHIMA, n.d.g), *Mark Dietz Leadership Series: Live 2-Hour Webinars on Leadership* for \$65 (AHIMA, n.d.i), and *Developing Leadership Presence Class of 2021* for \$150 (AHIMA, n.d.h). These prices illustrate three different price levels for live webinars. The budgeted amount for webinars, \$608, includes the costs for these three webinars two times to estimate for three additional webinars for a total of six. The remaining webinars are older recordings, mainly running about \$59 each, which shows the recordings are cheaper than the live webinars (AHIMA, n.d.f).

Additionally, the department will need to purchase ICD-10-CM, ICD-10-PCS, and CPT coding manuals for the HIM Director, two HIM Coding Supervisors, and three Data Quality Specialists. The most economical method to buy these books at AHIMA pricing is to purchase e-books for manuals with an e-book option. The price for the ICD-10-CM Ebook manual is \$84.95 (AHIMA, n.d.d). The price for the ICD-10-PCS Ebook manual is \$71.95 (AHIMA, n.d.e), and the price for the CPT manual is \$121.95 (AHIMA, n.d.c). The subtotal for all manuals for the six managers will be \$1,673.10. Shipping and handling will be \$28.70, and taxes will be \$51.22. The total combined cost for the manuals for the six managers will then be \$1,753.02 (AHIMA, n.d.b).

Items in your Cart (3)				Cart Summary	
	CPT® 2021 Professional Edition	6	\$121.95		
	ICD-10-PCS Code Book: Professional Edition, 2021, Ebook	6	\$89.95 \$71.95		
	ICD-10-CM Code Book, 2021, Ebook	6	\$400.00 \$84.95		
As a valued member, you are saving \$198.30 today.				Sub-total: \$1,673.10	
				Checkout	

(AHIMA, n.d.a)

ORDER SUMMARY

Items:	\$1,673.10
Shipping & Handling:	\$28.70
<hr/>	
Total before tax:	\$1,701.80
Estimated tax:	\$51.22
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Order Total:	\$1,753.02

(AHIMA, n.d.b)

The HIM department is expected to continue increasing revenue steadily by a small percentage as the hospital grows and increases productivity. ROI copying fee revenue increased by 10% in 2019 and is expected to rise again by the same rate in 2020. The physician office coding contract revenue increased by 6.7% in 2019 and is also expected to increase again by the same percentage in 2020.

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