Outsourcing Medical Transcription Services

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## Decentralizing MT Operations to India   by Tony Gill

HIGHLIGHTS:

- Need for reliable medical transcription services has dramatically increased over the past several years because of the relationship that exists between healthcare and insurance
- 700 million hospital events occur in US each year; transcription industry is growing at 20-40% annually, but number of US transcriptionists is declining by 8% annually
- Transcription services historically handled internally; increased demand has necessitated outsourcing; networking infrastructure now allows these outsourcing assignments to be handled abroad
- Overseas transcription services facilitated by high speed data infrastructure
- India has world's second largest English-speaking population; high literacy levels; large pool of trained workers; low labor costs; advantageous 12-hour time difference
- MT process has become standardized to the point where services are becoming commodities; most industry players offer similar value propositions
- Service providers who balance high accuracy with best price offer best value for customers
- 98.5% accuracy rates are industry norm
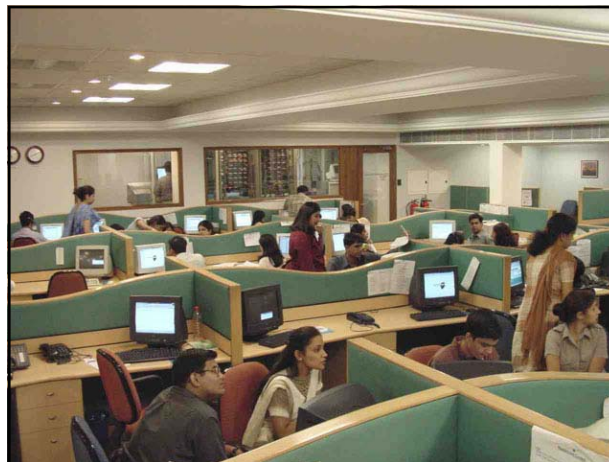
Example of a typical Indian data center: modern, efficient, 24/7 Operations, fully staffed and connected

Source: Intellicom Contact Centers

A Decentralized Asian Tiger

Industry Snapshot

The growth in the medical transcription industry (MT) has evolved from the interdependence of the healthcare and insurance industries. The connection between these areas is rooted in the fact that maintenance of accurate and proper medical records is critical in forming the basis of processing insurance claims. The importance of MT is heightened given the medical practice is bound by a strict code of ethics and statutes, and detailed documentation is used as a precedence for future diagnosis and treatment. Stringent insurance rules drives the growth of MT in the United States as the insurance industry requires authentic and detailed documentation of medical treatment.

 Not only is detailed record keeping required by insurers, but US hospitals also need to get patient-related data computerized in order that they meet Federal certificate requirements, and be facilitated for raising claims with insurance companies. Failure to comply with legal statues, procedures and code of ethics may lead to malpractice suits, thus a high level of documentation at every stage forming a complete case history is only route to prove non-negligence in medical treatment of patient Medical transcription facilitates communication and supports the insurance claims.

 As a result of these needs, health insurance has evolved into a billion-dollar industry in which emerging technologies and global economics weigh heavily on the bottom line. Although US transcription needs are currently serviced by transcription companies, casual transcriptionists and in-house teams, insurance requirements often place increased pressure on managed health care costs, resulting in more and more hospitals outsourcing their transcription work. It is these circumstances that have created a major opportunity for MT services.

Outsourcing MT Services

Transcription was traditionally handled internally. For instance, when insurance requirements were less stringent, all transcription work within a hospital was usually done in the hospital by on-staff transcriptionists. When the volume of work increased beyond a manageable point, hospital administrators found it more cost-effective to outsource this work to local medical transcription companies. When the power of the internet was harnessed, it became apparent that further cost savings could be realized by outsourcing these services to places where the cost of labor was cheaper than it was in the United States, the pool of professionals was proficient in English, and the turnaround time was comparable (or even superior to services stateside). India provides the perfect illustration of such a country. Given the proliferation of countless MT firms that seem to offer the same value proposition, it is becoming more evident that the service offerings are becoming commoditized. Therefore, it is important that potential MT clients examine a particular company's value proposition very carefully.

Indian Market Facts

- India, given high English literacy levels and a competitive rupee provides the ideal location for transcription work
- Availability of US transcribers fallen by about 10% per year in recent years; profession not sufficiently attractive to draw adequate numbers of new entrants, especially since incomes are not commensurate with the long training (6-12 months); demand for MT growing at about 20% per year, due to rising healthcare needs of an ageing population; fall in supply of US transcribers and growth of MT market enhances the attractiveness of using transcribers in India.
- High quality computer-literacy and computer skills
- Legal system is based on the principles of common law
- Manpower to do MT work in US is very costly; India is cheap; labor intensive industry capitalizing on low Indian labor costs
- A software job is for people w/engineering and science backgrounds, but India boasts of manpower in all areas; all there is needed to know is good English and typing skills; factors that are prompting growth of IT-enabled services in India
- Advantageous 12-hour time zone difference with US
- Quick and accurate turn-around time; usually 24 hours and can be used by doctors the next morning
- Efficient mode of dictation; tremendous improvement in telecom infrastructure for data exchange
- Hardware and software costs are falling, reducing Break Even point

Companies that choose to make data outsourcing a part of their decentralization program often look to India for many reasons including the assurance that detailed training programs are put in place to address quality control issues

Source: Intellicom Contact Centers

Medical Transcription Process

MT Process Explained

Although American doctors find little time to fill out medical records, they must provide detailed reports to insurance firms for claims processing. Typically, after examining patients in hospitals, clinics, or their offices they will dictate important information about patient's history, physical examination, diseases, procedures, tests, and diagnosis. The conventional practice followed by doctors is to record the oral reports in a compressed format, and then transfer them to India via data communication lines. Often this step begins when doctors call in on a toll-free number and dictate their message, which is then converted and recorded into a dedicated server on a real time basis, where it is stored and digitized. The Medical Transcription company connects to server through high-speed data link (preferably Internet or ISDN link or any mode with suitable bandwidth) and the digitized data is converted back to sound.

After the transcriptions are decompressed at the destination, transcriptionists listen to the voice using a headphone and foot pedal, and the data is transcribed using a word processing program. Doctors normally use technical terms (very quickly), thus a transcriptionist has to anticipate and record with precision. During this stage, the transcriptionist will use other supporting tools such as e-dictionaries, and drug indexes key in commentary, then have report proofread. When transcription work started to flow to India in the mid '90s, the accuracy rate was 95%. Today's industry norm is about 98.5%.

The transcribed files sent out to quality control person who listens to the dictation and checks the accuracy of the transcription. When these are sufficiently reviewed, the transcribed reports are transmitted back to the U.S. as a Word file.

Competitive Environment

There are a number of players who have entered the MT field of late, however, there are still a number of firms who stand apart from the hordes of small competitors to offer a high degree of service. It is becoming increasingly apparent that the value propositions promoted by these and other players have, over time become increasingly similar. Thus, MT services in general have started to become more commoditized. The single most important factor has become the level of accuracy any particular firm can offer. If an MT firm can offer or exceed an accuracy rate of 98.5% in combination with a rapid turnaround time, as well as a good price, offers the best value proposition for its customers

The Impact of Voice Recognition Technology

There is a very delicate balance that exists in the MT business today. The market for service providers has become increasingly crowded over the past 24 months. *The Economist* reports in its May 5, 2001 issue that too many MT firms have crowded into the field too fast. This has resulted in a pricing war between competitors that has often resulted in a compromise in quality. However, it is important to remember that the most important aspect in this business is to ensure that high accuracy levels are maintained in the transcription work. A viable provider then, will be one that offers a reasonable price with high accuracy levels as well unique value-added components.

There has been a great deal of speculation associated with the advancement of voice-recognition technology and how that will impact the entire industry. At one end of the spectrum, some analysts suggest that the industry will shift from a labor-intensive focus to one that is completely automated within the next 5-10 years. Others, such as Anthony Hales, president of HealthScribe India Private Limited, a 100% subsidiary of

Equipment used in MT Services includes modern dictation systems such as foot-pedal devices used for start and stop as shown above

Source: Start-Stop Dictation Systems

This image illustrates the Windows-based wireless microphone interface that makes transcription an easily decentralized function

Source: Start-Stop Dictation Systems

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HealthScribe Inc., one of the world's leading medical transcription companies, expects that this will not occur until 2050. Says Hales: "One must remember that transcription is not just typing but a lot of research goes into getting the information, correcting the dictation, voice recognition and machines cannot replace man at least in this line of business."

That said, it should be noted that the industry giant, Med-Quist had 60% of their shares purchased by Philips Electronics in June of 2000, for $1.1 billion. What makes this significant, in addition to the fact that an electronics industry giant has entered the fray chomping for their piece of a potential $15 billion pie, is the fact that MedQuist has become part of Philips Speech Processing which is a voice and speech recognition division. John Donohoe, president and chief operating officer expects speech and voice recognition technology to begin playing a very important role in the near future. Such technology will not necessarily create labor force redundancies as much as they will play an important role in the intermediary steps involved in the MT process, for instance during the post-processing phase. This, it is hoped, will help transcriptionists produce more lines of text more rapidly

Summary

The notion of outsourcing MT work to India is still a highly foreign concept (no pun intended) to many healthcare providers in the United States. India's economy is still in the transitional phases of its transformation and as such, developed nations are only now starting to warm to the idea of outsourcing IT-related assignments to India.

Although many of the big industry players are outsourcing significant amounts of work to India already, very few are openly acknowledging they are doing so. In most cases, some of these companies are putting forth a strong American marketing push, and using the expression "global partners" when referring to work that is outsourced to India. The reality is, an increasing amount of work is now flowing to India, regardless of the provider.

The infrastructure both from a labor and technological point of view are firmly in place for Indian MT firms to capture increasingly large portions of market share within the industry. It is only a matter of time before larger institutions begin evaluating these options on a par with more established US providers.

Sources:

Forbes.com, Wall Street Reporter, Heartland Information Systems, The Wall Street Transcript, CBay Systems Ltd., MedQuist Limited, Hoovers.com, Business.com, MTIndia, J. Markowitz Consultants, Transcription Solutions Inc., Yahoo! Finance, The Economist, Medical Transcription Industry Alliance

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