



Defense Health Agency

PROCEDURAL INSTRUCTION

NUMBER 6040.07
March 8, 2021

DAD-HCO

SUBJECT: Medical Coding of the DoD Health Record

References: See Enclosure 1

1. PURPOSE. This Defense Health Agency–Procedural Instruction (DHA-PI), based on the authority of References (a) and (b), and in accordance with the guidance of References (c) through (s), establishes the Defense Health Agency’s (DHA) procedures for centralized oversight and standardized operations to ensure accurate, effective, timely, and efficient coding of the DoD Health Record.

2. APPLICABILITY

(a) This DHA-PI applies to the DHA, DHA Components (activities under the authority, direction, and control of the DHA), Military Departments (MILDEPs), DoD contractor personnel, and all Military Medical Treatment Facilities (MTFs).

(b) Does not apply to:

(1) Non-fixed deployed medical facilities.

(2) Military Health System (MHS) medical facilities not involved in direct patient care.

3. POLICY IMPLEMENTATION. It is DHA’s instruction, pursuant to References (b) through (e) that:

a. This DHA-PI specify procedures, requirements, rules, and standards for ensuring accurate, complete, and prompt coding of MHS patient services. This DHA-PI adheres to industry-established, legal, and MHS-specific guidelines and criteria (as permitted by MHS data collection systems) to ensure accuracy and consistency of code assignment, proper code sequence, valid data reporting, and authorized exchange of data with non-MHS organizations. This supports the continuity of patient care, MHS resource allocation, the integrity of MHS

March 8, 2021

This supports the continuity of patient care, MHS resource allocation, the integrity of MHS information, performance measurement, quality management, provider readiness currency, provider productivity, research, and MHS cost recovery programs.

b. In accordance with Reference (d), and in coordination with the MILDEPs, all MTFs within the MHS whether under Service command or under the administration and management of the Director, DHA, will be required to adhere to the same system-wide policies, procedures, and standard clinical and business processes developed by the Director, DHA.

c. The DoD has transitioned much of its healthcare documentation processes into an Electronic Health Record system. Due to unique operational mission requirements, the DoD will use a hybrid record consisting of electronic and traditional paper-based records and forms.

d. The DHA and MILDEPs routinely collect, aggregate, and analyze sufficient data to manage and promote the quality of coding operations. Coding operations are in support of MHS' mission to provide quality health care and prevent healthcare billing fraud, waste, abuse, or mismanagement of government resources.

4. CANCELLED DOCUMENTS. This DHA-PI cancels DHA-Interim Procedures Memorandum 18-016, "Medical Coding of the DoD Health Records" of April 15, 2020.

5. RESPONSIBILITIES. See Enclosure 2.

6. PROCEDURES. See Enclosures 3 and 4.

7. PROPONENT AND WAIVERS. The proponent of this publication is the Deputy Assistant Director, Health Care Operations. When Activities are unable to comply with this publication the activity may request a waiver by providing justification that includes a full analysis of the expected benefits and must include a formal review by the activities senior legal officer. The activity director or senior leader will endorse the waiver request and forward them through their chain of command to the Director, DHA to determine if the waiver may be granted.

8. RELEASABILITY. **Cleared for public release**. This DHA-PI is available on the Internet from the Health.mil site at: www.health.mil/DHAPublications and is also available to authorized users from the DHA SharePoint site at: <https://info.health.mil/cos/admin/pubs/SitePages/Home.aspx>.

9. EFFECTIVE DATE. This DHA-PI:

a. Is effective upon signature.

March 8, 2021

b. Will expire 10 years from the date of signature if it has not been reissued or cancelled before this date in accordance with Reference (c).

/S/
RONALD J. PLACE
LTG, MC, USA
Director

Enclosures

1. References
2. Responsibilities
3. Healthcare Record Abstraction Procedures
4. Coding Research and Assignment Procedures

Glossary

ENCLOSURE 1

REFERENCES

- (a) DoD Directive 5136.01, “Assistant Secretary of Defense for Health Affairs (ASD(HA)),” September 30, 2013, as amended
- (b) DoD Directive 5136.13, “Defense Health Agency,” September 30, 2013
- (c) DHA-Procedural Instruction 5025.01, “Publication System,” August 24, 2018
- (d) United States Code, Title 10, Section 1073c
- (e) DoD Instruction 6040.45, “DoD Health Record Life Cycle Management,” November 16, 2015, as amended
- (f) DoD Instruction 6040.40, “Military Health System (MHS) Data Quality Management Control (DQMC) Procedures,” December 27, 2019
- (g) DoD Instruction 6025.18, “Health Insurance Portability and Accountability Act (HIPAA) Privacy Rule Compliance in DoD Health Care Programs,” March 13, 2019
- (h) DoD Instruction 6040.42, “Management Standards for Medical Coding of DoD Health Records,” June 8, 2016
- (i) Military Health System Specific Coding Guidelines Version 2, as amended¹
- (j) DoD Manual 6025.18, “Implementation of the Health Insurance Portability and Accountability Act (HIPAA) Privacy Rule in DoD Health Care Programs,” March 13, 2019
- (k) Assistant Secretary of Defense for Health Affairs Memorandum, “Approval for Interim Guidance for use of the Healthcare Artifact and Image Management Solution-Service Treatment Record and Clinical use,” July 24, 2013²
- (l) DHA PM 6025.13, “Clinical Quality Management in the Military Health System,” Volumes 1-7, August 29, 2019
- (m) DHA-Procedural Instruction 6025.06, “Standardized Templates for Primary Care Clinical Encounter Documentation,” May 16, 2018
- (n) Centers for Medicare and Medicaid Services, “Documentation Guidelines for Evaluation and Management Services,” 1995
- (o) Centers for Medicare and Medicaid Services, “Documentation Guidelines for Evaluation and Management Services,” 1997
- (p) United States Code, Title 5, Section 552a
- (q) DoD Instruction 5400.11, “DoD Privacy and Civil Liberties Program,” January 29, 2019
- (r) Public Law 104-191, “Health Insurance Portability and Accountability Act (HIPAA),” August 21, 1996
- (s) NIST 800-171 Rev2, “Protecting Controlled Unclassified Information in Nonfederal Systems and Organizations,” February 2020

¹ This reference can be found at: <https://www.milsuite.mil/book/community/spaces/dha-pad>

² This reference can be found at: <https://www.milsuite.mil/book/docs/DOC-534505>

ENCLOSURE 2

RESPONSIBILITIES

1. DIRECTOR, DHA. The Director, DHA, will:

a. Establish and resource an office to implement and oversee the formal DoD Medical Coding Program.

b. Publish procedural and clarifying guidance. Serve as the proponent for enterprise manuals that specify procedures for Clinical Documentation Improvement (CDI), abstraction, coding, auditing, and performance management measures.

c. Ensure the assigned Market, Small Market and Stand-Alone MTF Organization, Defense Health Region, and Directors, MTFs, comply with, oversee, and execute the procedures outlined in this DHA-PI.

2. SECRETARIES OF THE MILDEPS. The Secretaries of the MILDEPS will ensure compliance, oversight, and execution of the procedures outlined with this DHA-PI.

3. DHA MEDICAL CODING PROGRAM BRANCH (MCPB), HEAD. The DHA MCPB, Head, must:

a. Develop and publish MHS coding procedural instructions, operational guidance, and coding compliance plan.

b. Manage the following functions across the MHS, to include the provision of standardized guidance, instructions, and policy:

(1) Health Record Abstraction. Manual process for the collection of clinically-relevant coded data elements from a patient's health record and entry into another system.

(2) Coding Research and Assignment. Review of health record documentation for the assignment of proper diagnosis and procedure codes utilizing system edits and both MHS-specific and commercial coding guidance.

(3) Coding Compliance and Auditing. Examination of medical documentation and coding to ensure accurate and ethical coding practices, and clinical documentation that supports the diagnoses and services reported, in accordance with the medical coding compliance plan.

(4) Coding Education and Training. Periodic training provided to MHS medical coding professionals to ensure their knowledge and skills are current and continuously improving in accordance with the medical coding compliance plan.

(5) Workforce Design. Development and maintenance of an adequate and proficient clinical documentation and coding workforce that meets workload requirements across the MHS in accordance with Reference (h).

(6) CDI. The establishment of an enterprise CDI program to ensure that DoD Health Records are relevant, complete, and authenticated to be coded accurately in accordance with Reference (h).

c. Chair the Coding Work Group (CWG) which will be the DHA MCPB functional proponent for coding compliance guidance and policy. This includes establishing, monitoring, evaluating, and reporting health records processing policies, procedures, rules, and standards for: CDI, health record abstraction, coding research, and assignment, coding workforce, coding education and training, and auditing and compliance.

d. Monitor, analyze, report, and make recommendations on civilian industry developments with regard to coding reference changes, coding compliance, coding education and training, revenue cycle, revenue integrity, and coding workforce design and development.

e. Provide training opportunities for health information management workforce development in the areas of CDI, coding, auditing, compliance, charge description master management, revenue integrity activities, and performance management.

f. Provide the technical knowledge, skills, and abilities required to perform the random and targeted audits of the MTFs as described in the coding compliance plan.

g. Coordinate and conduct audits of MTFs to:

(1) Assure compliance with all DHA-directed documentation and coding standards, policies, procedures, guidelines, and manuals.

(2) Identify improvement opportunities in workflow management of process, quality controls, and feedback mechanisms involving coding and clinical documentation to improve revenue, workload capture, and provider readiness currency.

(3) Monitor provider workload and productivity for any potential training opportunities, involving coding and documentation.

h. Manage all data obtained from coding activity of the DoD Health Records in accordance with its data management plans. Make such data available to the MILDEPs, Market, Small Market and Stand-Alone MTF Organization, and Defense Health Regions in support of their responsibilities, in accordance with Reference (h).

i. Identify improvement opportunities in workflow management of process, quality controls, and feedback mechanisms involving coding and clinical documentation to improve revenue, workload capture, and provider readiness currency.

j. Monitor that contracts for medical coding services within the MHS direct care system include all requirements of this DHA-PI.

4. MARKET, SMALL MARKET AND STAND-ALONE MTF ORGANIZATION, AND DEFENSE HEALTH REGION DIRECTORS. Market, Small Market and Stand-Alone MTF Organization, and Defense Health Region Directors are responsible for accurate, timely, and complete medical coding at their assigned MTFs. The Market, Small Market and Stand-Alone MTF Organization, and Defense Health Region Directors must appoint the Medical Coding Lead to coordinate the following functions in accordance with this DHA-PI:

- a. Provide oversight of all health record documentation and medical coding operations.
- b. Collect and aggregate MTF coding performance data and report it to the Market, Small Market and Stand-Alone MTF Organization, and Defense Health Region Directors and DHA MCPB, in accordance with the DHA coding compliance plan.
- c. Promptly forward clinical documentation, coding deficiencies, and findings to the Market, Small Market and Stand-Alone MTF Organization, and Defense Health Region Directors and DHA MCPB.
- d. Advise and serve as Market, Small Market and Stand-Alone MTF Organization, and Defense Health Region subject matter experts on medical coding and documentation matters as described in this DHA-PI.
- e. Collaborate with clinical communities to help identify and develop appropriate courses of action that improve the capture of provider readiness currency.
- f. Support the DHA MCPB in the delivery of continuous education and methods implementation for creating, changing, and improving current medical coding practices.
- g. Collaborate with the DHA MCPB in the identification of improvement opportunities in coding workflow management, quality control, and feedback mechanisms involving coding and clinical documentation.
- h. Review and analyze MTF coding data to identify improvement opportunities for capturing revenue, healthcare quality, and/or provider readiness currency.

5. DIRECTORS, MTFS. Directors, MTFs, must:

- a. Implement a DoD Health Records control process. Procedures must be included to achieve a 97 percent availability of complete health records for coding while striving for 100 percent in accordance with Reference (h).

b. Maintain an MTF coding compliance plan that contains all applicable standards, including timeliness and accuracy in accordance with the DHA coding compliance plan.

c. Build and maintain an adequate and proficient coding and clinical documentation workforce.

(1) Ensure coding staff has access to all necessary coding resources, including all available coding manuals (electronic or hard copy), editing tools, and medical dictionaries.

(2) Provide clinical documentation training to clinical staff.

(3) Ensure all coding staff (credentialed and non-credentialed) remain current in their training and knowledge in order to consistently meet established coding accuracy standards.

d. Track the responsiveness of clinic and ancillary staff to coder queries and requests for clarification.

e. Maintain updated coding accuracy and productivity measurements for all coders. Include measurements in performance reviews.

ENCLOSURE 3

HEALTH RECORD ABSTRACTION PROCEDURES

1. OVERVIEW. An efficient and comprehensive health records retrieval process is essential for coding accuracy and ensuring standardized coding across the enterprise. The MTF coder will only code documentation that was part of the DoD Health Record during an inpatient visit or outpatient encounter.

2. ABSTRACTION GUIDANCE. The DHA MCPB Head will publish and maintain abstraction guidance including: source data across multiple systems, abstraction instructions, decision-making tools, operational definitions, a description of defined data elements, their allowable values, their location, inclusionary or exclusionary variable information, guidelines for recording the data, and timeliness.

3. ABSTRACTION CODING EDUCATION AND TRAINING. The DHA MCPB Head will provide ongoing abstraction training to educate members of the patient care team and health record staff on compliant abstraction practices.

4. PERFORMANCE STANDARDS. MTF performance will be evaluated on the effectiveness of its document management system as required by Reference (h). Coding must be compliant with both MHS coding and ethics guidelines and Reference (e), performance measures.

ENCLOSURE 4

CODING RESEARCH AND ASSIGNMENT PROCEDURES

1. OVERVIEW. The MHS Medical Coding Program encompasses review of documentation and other supporting reports to facilitate the accurate assignment of medical codes in accordance with industry standard coding systems. The documents and supporting reports include the International Classification of Diseases, 10th edition, American Medical Association's Current Procedural Terminology (CPT), Centers for Medicare and Medicaid Services' (CMS) Healthcare Common Procedure Coding System (HCPCS), American Dental Association's Current Dental Terminology, and American Psychiatric Association's Diagnostic and Statistical Manual of Mental Disorders.

2. CODING WORKLOAD. MHS medical coding workload will be categorized under the following types of medical services:

- a. Inpatient Professional Services
- b. Inpatient Facility Services
- c. Ambulatory Professional Surgical Services
- d. Ambulatory Facility Surgical Services
- e. Observation Professional Services
- f. Observation Facility Services
- g. Emergency Department Professional Services
- h. Emergency Department Facility Services
- i. Outpatient Professional Services

(1) Outpatient Primary Care. In accordance with Reference (m), clinics include family medicine; internal medicine; pediatrics; adolescent medicine; general primary care; trainee and student health; medical readiness and operational medicine; executive medicine; aviation and flight medicine; women's health; and ancillary providers integrated into the primary care team (e.g., clinical pharmacists and behavioral health).

(2) Outpatient Specialty Care. All other outpatient clinics not identified as Outpatient Primary Care in Reference (m).

3. CODING SOURCE GUIDANCE

a. The MHS Coding Guidelines in Reference (i) are developed and maintained by the CWG to provide specific guidance for military unique services and requirements that are not adequately addressed in industry coding guidance available at:

<https://www.milsuite.mil/book/community/spaces/dha-pad>. The MHS Coding Guidelines in Reference (i) are derived from the following source documents, and take precedence over them:

- (1) ICDs, 10th Revision, Clinical Modification, or current coding classification system
- (2) ICDs, 10th Revision, Procedural Coding System, or current coding classification system
- (3) CPT
- (4) HCPCS
- (5) Current Dental Terminology
- (6) The American Hospital Association Coding Clinic
- (7) The American Medical Association CPT Assistant
- (8) The Coding Clinic for HCPCS
- (9) CMS regulations and guidelines, including References (n) and (o)

b. Any specialty group-specific coding guidance will not be disseminated as guidance without prior concurrence of the DHA MCPB and the CWG.

c. Any MILDEP or Market, Small Market and Stand-Alone MTF Organization, and Defense Health Region specific coding guidance will not override MHS coding guidance except where specifically issued or approved by the DHA MCPB.

d. In the absence of specific MHS, MILDEP, or Market, Small Market and Stand-Alone MTF Organization, and Defense Health Region MCPB coding guidance, coders will refer to the appropriate industry standard coding conventions.

e. Requests for changes to the MHS Coding Guidelines should be submitted to the DHA MCPB no later than August 1st of each year for disposition and if applicable, inclusion in the next version of the MHS Coding Guidelines in Reference (i).

f. Requests for development of specialty handbooks must be submitted to the DHA MCPB for disposition.

g. The DHA MCPB, in coordination with the CWG and all the relevant clinical communities, will update the MHS Coding Guidelines in Reference (i) at least annually each year to address new military medical services or requirements.

h. Questions arising from interpretations of the MHS Coding Guidelines in Reference (i) will be submitted to the DHA MCPB for review. Final interpretation will be binding on all parties.

4. CODING REFERENCES. Coding personnel must use these coding references and tools to include the full spectrum of encoder reports, expedite the coding process and ensure all billable and non-billable encounters are coded in a timely manner. The following guidance is provided in order to ensure consistent coding practices in the MHS:

a. The MHS Coding Guidelines in Reference (i) and the references described in Reference (h) are considered the only official coding references.

b. Coding reference books, MHS Coding Guidelines in Reference (i), and encoder software will be updated annually (or as necessary) as the classification systems are revised. DHA MCPB will also provide an electronic encoder software program that includes and maintains the current versions of the coding industry references in Reference (h). MTFs will also be required to ensure that hard-copy current versions of the coding industry references listed in Reference (h) are available for their onsite General Schedule coding staff.

c. All contractors performing on a MHS-awarded coding contract will be required to provide their contract employees updates for coding reference books annually, or as necessary, to maintain availability to current code sets.

d. Coding “Tip Sheets,” Coding Tools, and Coding standard operating procedures must be approved by the DHA MCPB.

5. PRODUCTION CODING REQUIREMENTS

a. The MHS enterprise coding productivity standards, in accordance with the American Health Information Management Association 2017 Standards, for experienced professional coders at the target-grade level performing the coder scope of work requirements or performance work statement for contract coders are as follows in Table 1. For MHS GENESIS productivity standards, refer to the DHA coding compliance plan.

Table 1. Military Health System Legacy Coding Productivity Standards

Type of Record/Encounter	MHS Standard Per Day
Outpatient Primary Care	100–120
Outpatient Specialty Care and/or ED	80–100
Ambulatory Procedure Visits (APV)	35–40
Inpatient Professional Service	80–100
Inpatient Facility	20–25

b. MTFs must establish processes in accordance with DHA MCPB guidance, including coding department oversight to validate the accuracy of coded encounters, monitoring diagnosis and procedure coding, and ensuring the complete and accurate description of services.

c. MTFs will follow policies and procedures in accordance with DHA MCPB guidance for obtaining provider clarification, such as allowing the coder to directly contact the provider about a record being coded.

d. Coding supervisors and MTF coding staff will review assigned codes by manual or automated methods.

e. Coding supervisors will produce and review reports daily to ensure all billable cases are coded in a timely manner and in accordance with the coding standards listed below.

f. MTFs will use the following code minimum standard targets for Data Quality Management Control reporting as specified in Reference (f):

(1) One-hundred percent of outpatient encounters, other than APV, must be coded within 3 business days of the encounter. (For example, if the day of the encounter is Monday, then coding must be completed by the third business day, Thursday, close of business.)

(2) One-hundred percent of ambulatory procedure visits must be coded within 15 calendar days of the encounter.

(3) One-hundred percent of inpatient records must be coded within 30 calendar days after discharge.

g. In accordance with Reference (h), the minimum expected coding accuracy standard is 97 percent for all types of work for experienced professional coders at target-grade level. Accuracy reviews will follow auditing procedures in accordance with the DHA guidelines and standards outlined in the medical coding compliance plan. Appropriate modified standards may be set for coders in developmental positions. The DHA MCPB will also publish MHS-suggested quality indicators for measuring accuracy.

h. All contractors performing on an MHS-awarded coding contract will develop and conduct their quality assurance reviews on productivity and accuracy in accordance with DHA MCPB auditing guidelines and standards.

GLOSSARYPART I. ABBREVIATIONS AND ACRONYMS

APV	Ambulatory Procedure Visits
CDI	Clinical Documentation Improvement
CMS	Centers for Medicare and Medicaid Services
CPT	Current Procedural Terminology
CWG	Coding Work Group
DHA	Defense Health Agency
DHA-PI	Defense Health Agency-Procedural Instruction
HCPCS	Healthcare Common Procedure Coding System
MCPB	Medical Coding Program Branch
MHS	Military Health System
MILDEP	Military Department
MTF	Military Medical Treatment Facility

PART II. DEFINITIONS

Unless otherwise noted, these terms and definitions are for the purposes of this DHA-PI.

APV. The MHS Coding Guidelines define APVs as outpatient procedures or surgical interventions that require, pre-procedure care, a procedure, immediate post-procedure care, directed by a qualified privileged provider; and are not expected to require an overnight stay following the surgical procedure. The nature of the procedure and the medical status of the patient combine to require short-term, but not inpatient care. These procedures are appropriate for all types of patients (obstetrical, surgical, and non-surgical) who, by virtue of the procedure or anesthesia, require post-procedure care or monitoring by medical personnel.

CDI. A program that improves the quality of clinical documentation, regardless of its impact on revenue. CDI programs facilitate accurate representation of health care services through complete and accurate reporting of diagnoses and procedures. This can have an impact on CMS quality measures, present on admission, pay-for-performance, value-based purchasing, data used for decision making in healthcare reform, and other national reporting initiatives that require the specificity of clinical documentation. Improving the accuracy of clinical documentation can reduce compliance risks, minimize a healthcare facility's vulnerability during external audits, and provide insight into quality of care issues.

CDM. The database of all billable items that go on a patient's account. It contains all the descriptions, revenue codes, department associations, and alternate CPT/HCPCS codes for different payers and prices. Used in the MHS primarily as a method of cost allocation.

CPT. A listing of descriptive terms and identifying codes for reporting medical services and procedures. The purpose of CPT is to provide a uniform language that accurately describes medical, surgical, and diagnostic services, and thereby serves as an effective means for reliable nationwide communication among physicians and other healthcare providers, patients, and third parties. CPT codes are established and maintained by the American Medical Association.

Electronic Health Record. Enterprise-wide clinical information management system used to collect and share patient care related data.

HCPCS. Standardized coding system comprising Levels I and II. Level I HCPCS codes are CPT codes that are used primarily to identify medical services and procedures furnished by physicians and other healthcare professionals and maintained by the American Medical Association. Level II HCPCS are used primarily to identify products, supplies, and services not included in the CPT codes, such as ambulance services and durable medical equipment, prosthetics, orthotics, and supplies when used outside a provider's office. CMS maintains Level II codes.

ICD. A Health Insurance Portability and Accountability Act standard code set used in Reference (r), as standard electronic transactions to describe the medical indication for the services provided. The code set, based on the World Health Organization code set, as used in the United States includes diagnoses, symptoms, external causes of morbidity, and factors influencing health status.

knowledge, skills, and abilities. Factors used to identify individuals qualified to be assigned to a duty position.

legacy systems. Refers to clinical systems that are being decommissioned as the new electronic health record is available.

medical coding. The transformation of healthcare terms, diagnosis, symptoms, procedures, medical services, and equipment into medical alphanumeric codes used in the United States. The diagnoses and procedure codes are taken from health record documentation, such as transcription of physician's notes, laboratory and radiologic results.