2016 MTSO BENCHMARKING SURVEY

OCTOBER 14, 2016

ahdi
Capturing America's Healthcare Story

Acknowledgements

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About AHDI

Established in 1978, the Association for Healthcare Documentation Integrity (AHDI) is a not-for-profit association representing the individuals and organizations in healthcare documentation. AHDI leads, educates, and advocates for professional excellence and integrity in healthcare documentation policies and practices. We envision a future where optimal healthcare delivery and outcomes are facilitated by complete, accurate, and timely clinical documentation to convey patient health stories.

Learn more about AHDI by visiting our website, www.ahdionline.org.

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About the Survey

With little data available on medical transcription service organizations (MTSOs), AHDI began conducting a benchmarking study in 2014 to fill this gap. The survey is conducted biennially to support healthcare documentation companies and practitioners in understanding the trends and practices of MTSOs.

The study covers five main areas:

- Company Demographics
- Economic and Business Climate
- The Workforce
- Marketing and Sales
- Business Infrastructure

The 2016 survey was updated to clarify questions and gather additional information based on current business trends. Furthermore, measures were put in place to collect data only once from each company. As a result, there were 95 responses in 2014 compared to 30 in 2016.

Key Findings

- From 2014 to 2016, the EHR has had dramatic impact on how documentation is captured as well as on the decline in revenue for MTSOs.

- A majority of MTSOs expect revenue to grow in the next 12 months.

- Few MTSOs are expanding service to include coding, billing, NLP, and medical scribing.

- Seventy percent of MTSOs reported having a 100% U.S.-based workforce but a majority of MTSOs employ 100 or fewer MTs/editors.

- New graduates will have an advantage in landing a job with an MTSO by earning an RHDS; however, a significant number of companies continue to not hire new graduates. Furthermore, internships, externships, and apprenticeships are rarely offered.

COMPANY DEMOGRAPHICS

LOCATION, REVENUE, AND SCOPE OF SERVICES
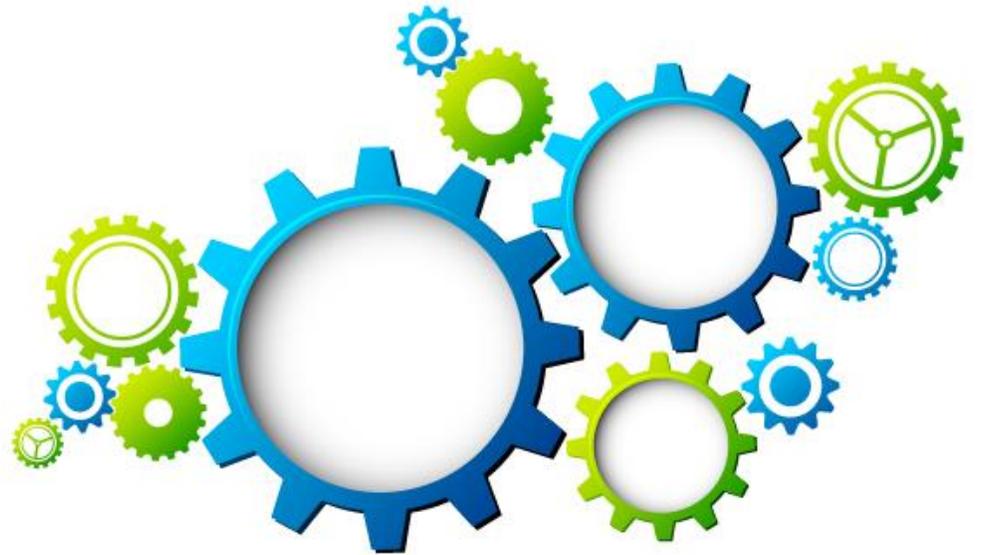
Headquarter Location of MTSOs

■ 100% from the United States & U.S. Territories

- California
- Colorado
- Florida
- Georgia
- Illinois
- Indiana

- Iowa
- Maine
- Michigan
- Minnesota
- New York
- Pennsylvania

- Puerto Rico
- Texas
- Tennessee
- Wisconsin

Of the 30 responses to the survey, 24 companies reported the location of their headquarters.

Size of Organizations by Revenue

2016 Survey Data

- $499,999 or less
- $500,000 - $1,999,999
- $2,000,000 - $4,999,999
- $5,000,000 - $9,999,999
- $10,000,000 or greater

28% / 32% / 8% / 20% / 12%

A majority of MTSOs report a total gross revenue under $5M annually. In 2016, we saw **68%** of the companies in this range compared to **72%** in 2014.

2014 Survey Data

- $249,999 or less
- $250,000 - $499,999
- $500,000 - $4,999,999
- $5,000,000 - $9,999,999
- $10,000,000 or greater

23% / 14% / 35% / 8% / 20%
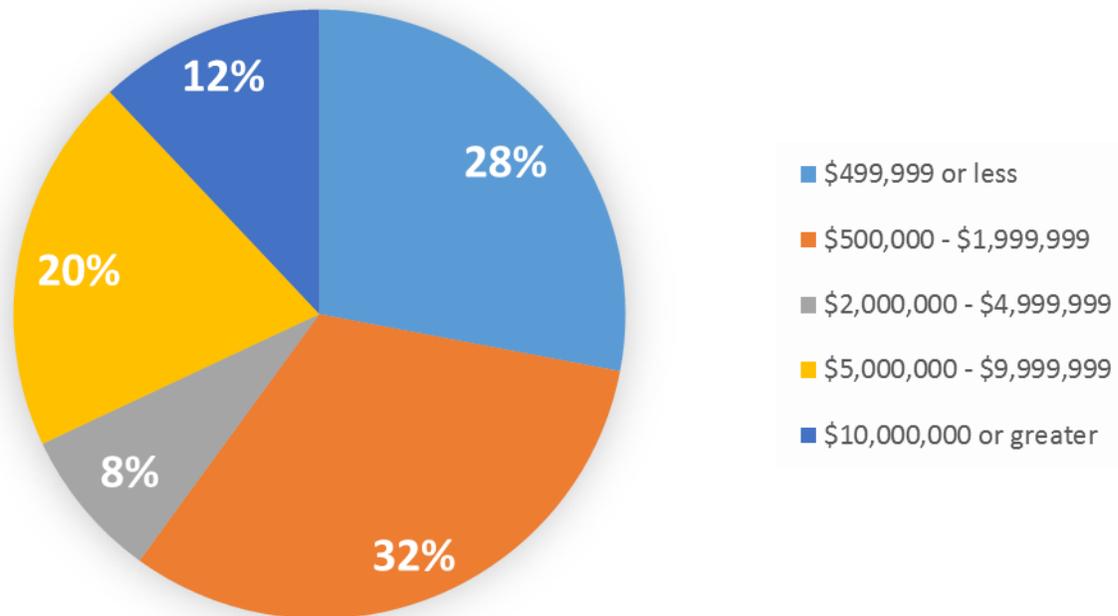
Note: the revenue choices were updated in 2016.
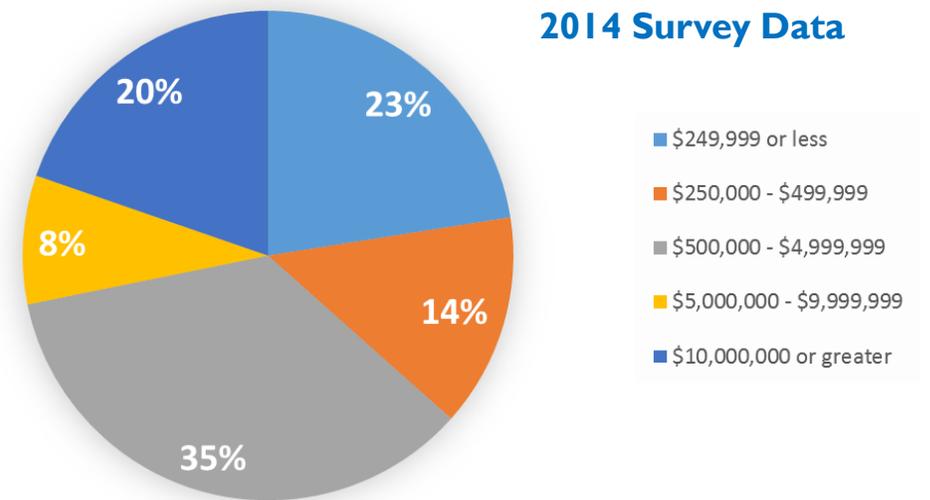
MTSOs are providing medical transcription services to the following types of organizations:

Legend: 2014, 2016

Organization	2014	2016
Government facilities	21%	43%
ACOs	7%	15%
Independent physicians	80%	100%
Radiology Departments	33%	65%
Radiology Groups	34%	50%
Surgery Center	58%	63%
Ambulatory Clinics	67%	78%
Single hospitals	74%	95%
Health Systems	58%	76%
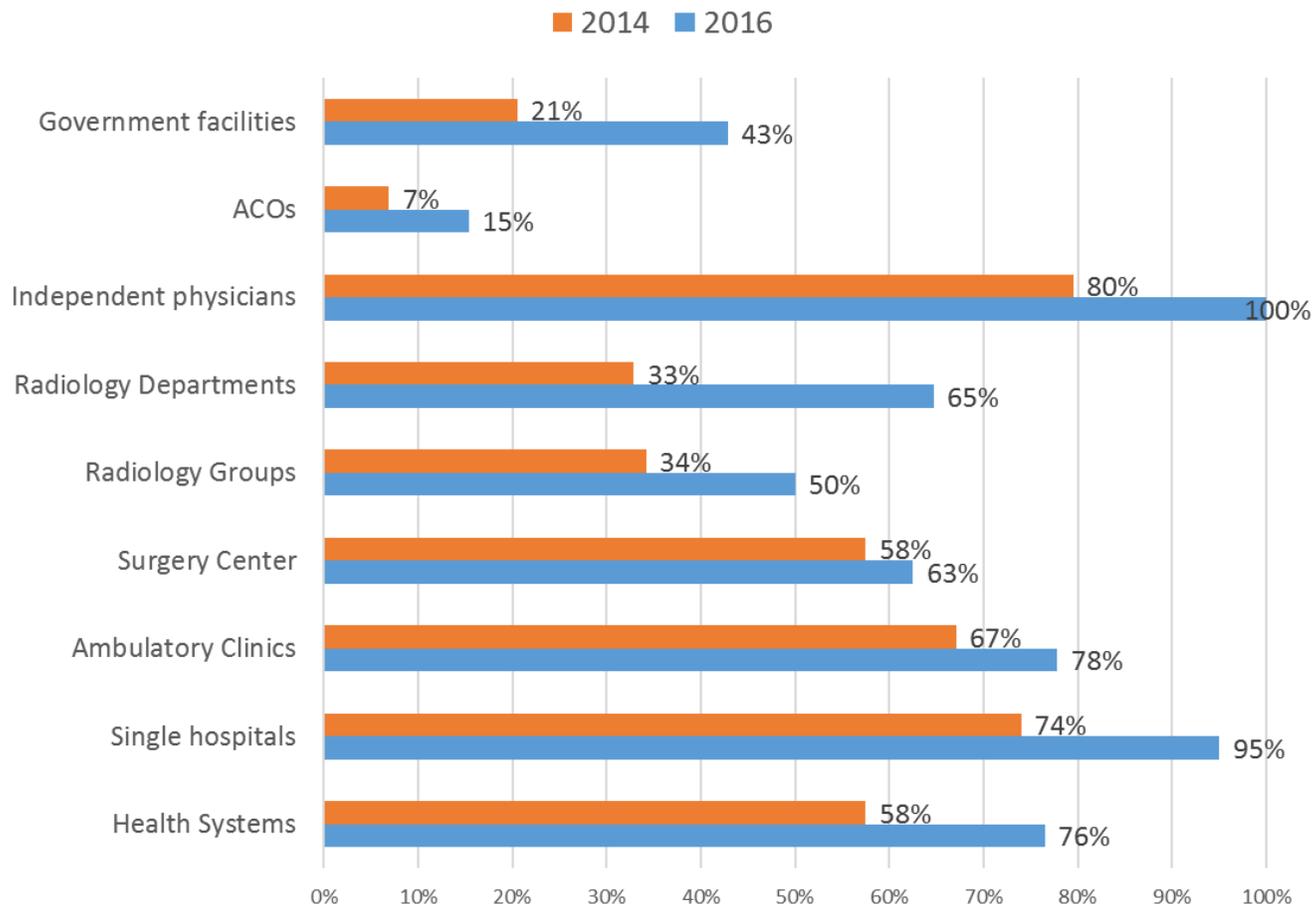
From 2014 to 2016, the biggest change was a 32% increase in MTSOs providing medical transcription services to Radiology Departments.

MTSOs continue to have a client base comprised primarily of independent physicians, ambulatory clinics, hospitals, and health systems.

MTSOs estimated the percentage of gross revenue for medical transcription services based on facility type

Legend: 10% or less | 11% - 25% | 26% - 50% | 51% - 75% | 76% - 100% | N/A

Independent physicians: 60%, 13%, 7%, 20%
Ambulatory Clinics: 43%, 7%, 14%, 21%, 7%, 7%
Single hospitals: 33%, 17%, 17%, 17%, 17%
Health Systems: 17%, 33%, 33%, 17%
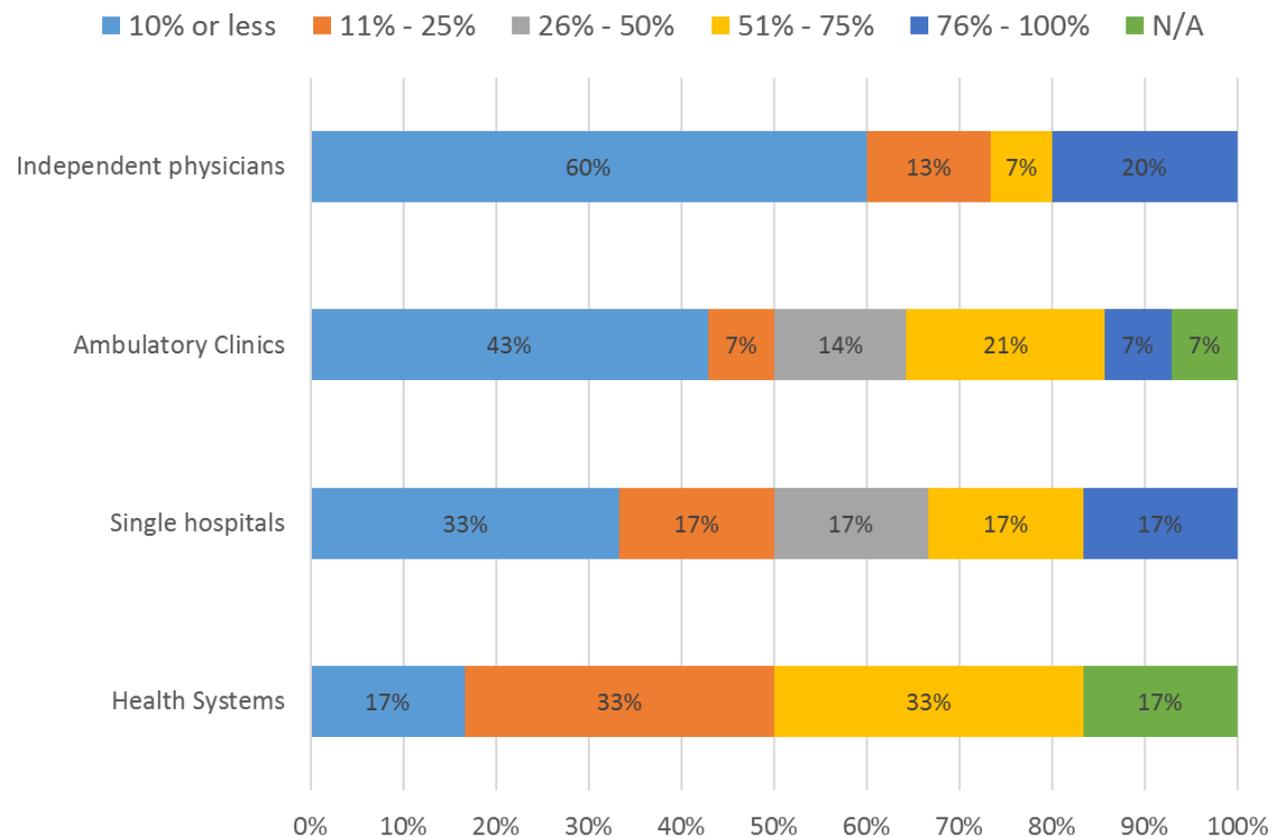
MTSOs rely on ambulatory clinics, hospitals, and health systems for a majority of their medical transcription services gross revenue.

MTSOs indicated the documentation methods offered and the percentage each method accounts for in their overall business
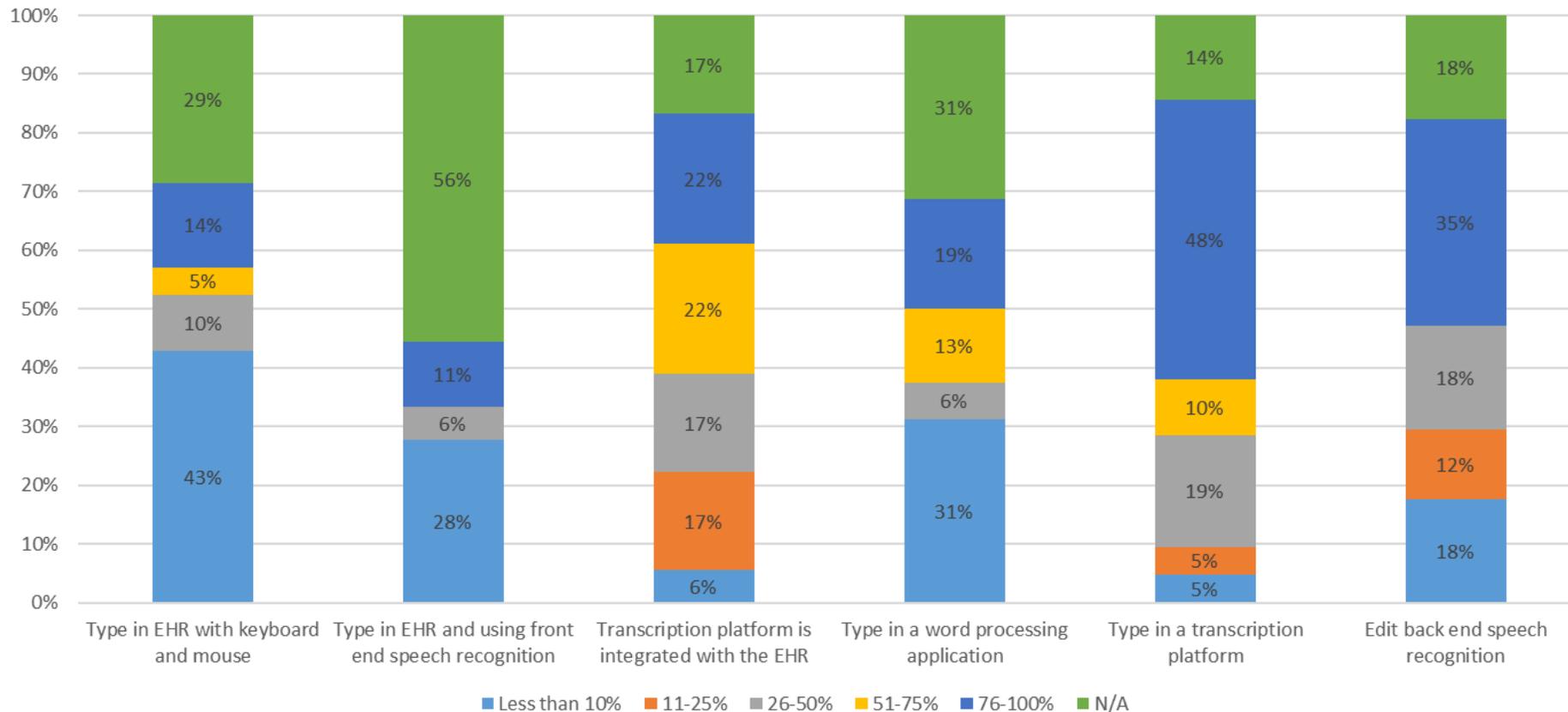
In 2016, we began tracking "Transcription platform is integrated with the EHR" with 87% of MTSOs reporting some documentation services being performed in this manner.

MTSOs commented on how the documentation methods have changed over the past 2 years

- More back-end speech recognition editing
- Must be very flexible with regard to the requirements for each facility
- Majority of work is now done directly in the client's EHR
- Variety of services offered: traditional transcription, quality assurance of provider-entered encounters, validation/completion of encounter documentation, and faxing records
- More inquiries about EMR/EHR integration
- Less content being dictated, more fields to fill in

MTSOs that implemented the 2010 Healthcare Documentation Quality Assessment & Management Best Practices

Implemented — 54%
Have not implemented — 29%
Partially implemented — 17%
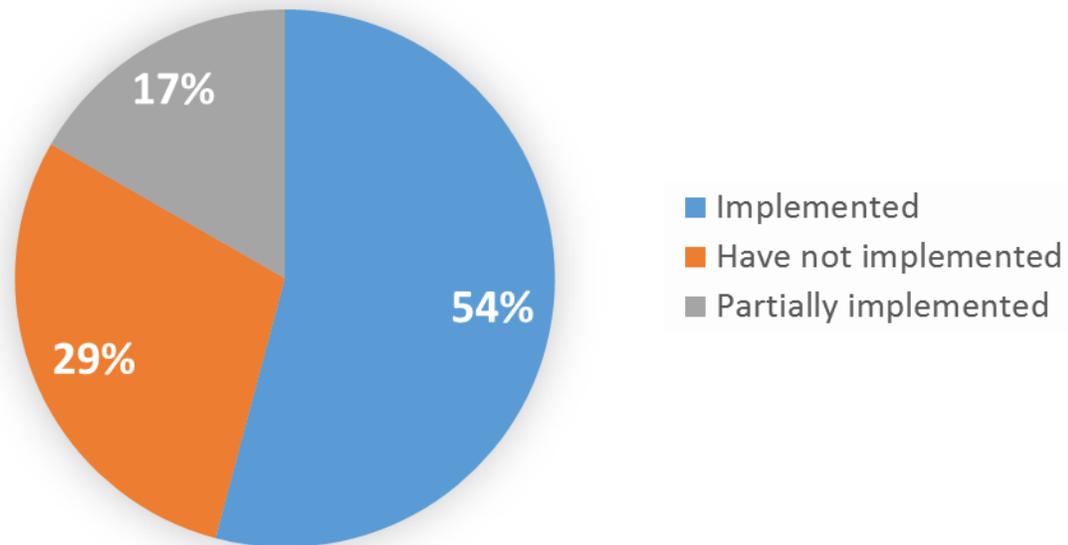
The <u>Healthcare Documentation Quality Assessment and Management Best Practices</u> whitepaper and toolkit provides a standardized approach to measuring, reporting, and improving documentation for patient safety and documentation accuracy. Moreover, fundamental principles of quality in healthcare documentation are reevaluated and revised in light of the new technological and policy environments of the 21st century.

ECONOMIC AND BUSINESS CLIMATE

REVENUE AND OTHER SERVICES OFFERED

MTSOs indicated if they had an increase or decrease in medical transcription* gross revenue from 2014 to 2015

Straight transcription & speech recognition editing

- Increase in medical transcription gross revenue
- Decrease in medical transcription gross revenue

44%

57%
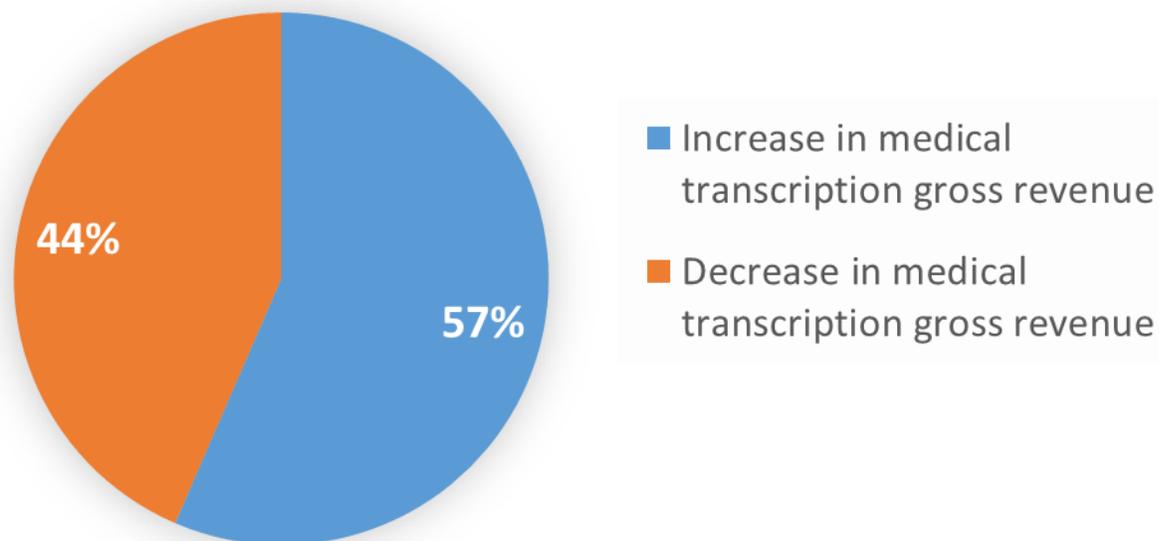
In the 2014 benchmarking survey, 32% of MTSOs reported an increase in revenue, 66% experienced a decline, and 4% remained flat between 2012 and 2013.

MTSOs estimated the decline in gross revenue for medical transcription services* from 2014 to 2015

Straight transcription & speech recognition editing

■ 2016 ■ 2014

This data applies to the 44% of MTSOs that experienced a decline in MT gross revenue.

Note: 2014 survey inadvertently omitted 56%-65% in the answer choices.

Range	2016	2014
10% or less	18%	20%
11% - 25%	18%	30%
26% - 35%	18%	15%
36% - 45%	9%	15%
46% - 55%	0%	13%
56% - 65%	18%	0%
66% - 75%	9%	4%
76% or more	9%	2%

MTSOs identified the factors leading to the decline in revenue

Legend: ■ 2016 ■ 2014

Factor	2016	2014
EMR/EHR	91%	93%
Front end speech recognition	46%	44%
Back end speech recognition	18%	14%
More work taken in-house by providers/clients	27%	14%
Need better marketing of services	9%	12%
Stronger competition in the market space	36%	19%
Clients began using medical scribes	18%	0%
Collection problem	9%	7%
Could not afford the technology	18%	0%
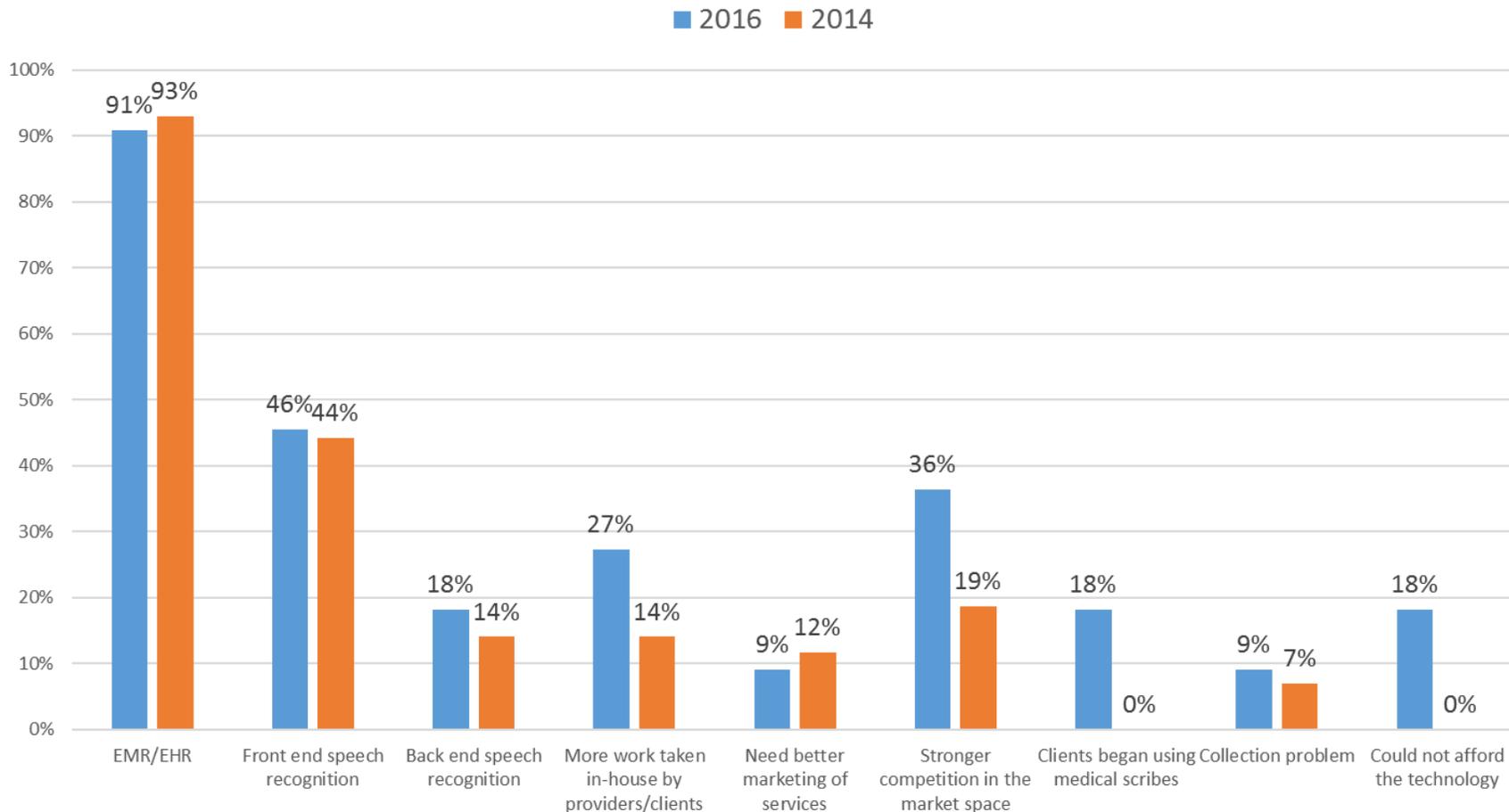
The EMR/EHR and front-end speech recognition continue to be the leading factors for MTSOs experiencing a decline in transcription revenue. Competition has become a greater contributing factor in 2016 over the past 2 years.

Note: "Clients began using medical scribes" and "Could not afford the technology" were added to the 2016 survey and were not included in 2014.

# MTSOs estimated the increase in gross revenue for medical transcription services* from 2014 to 2015
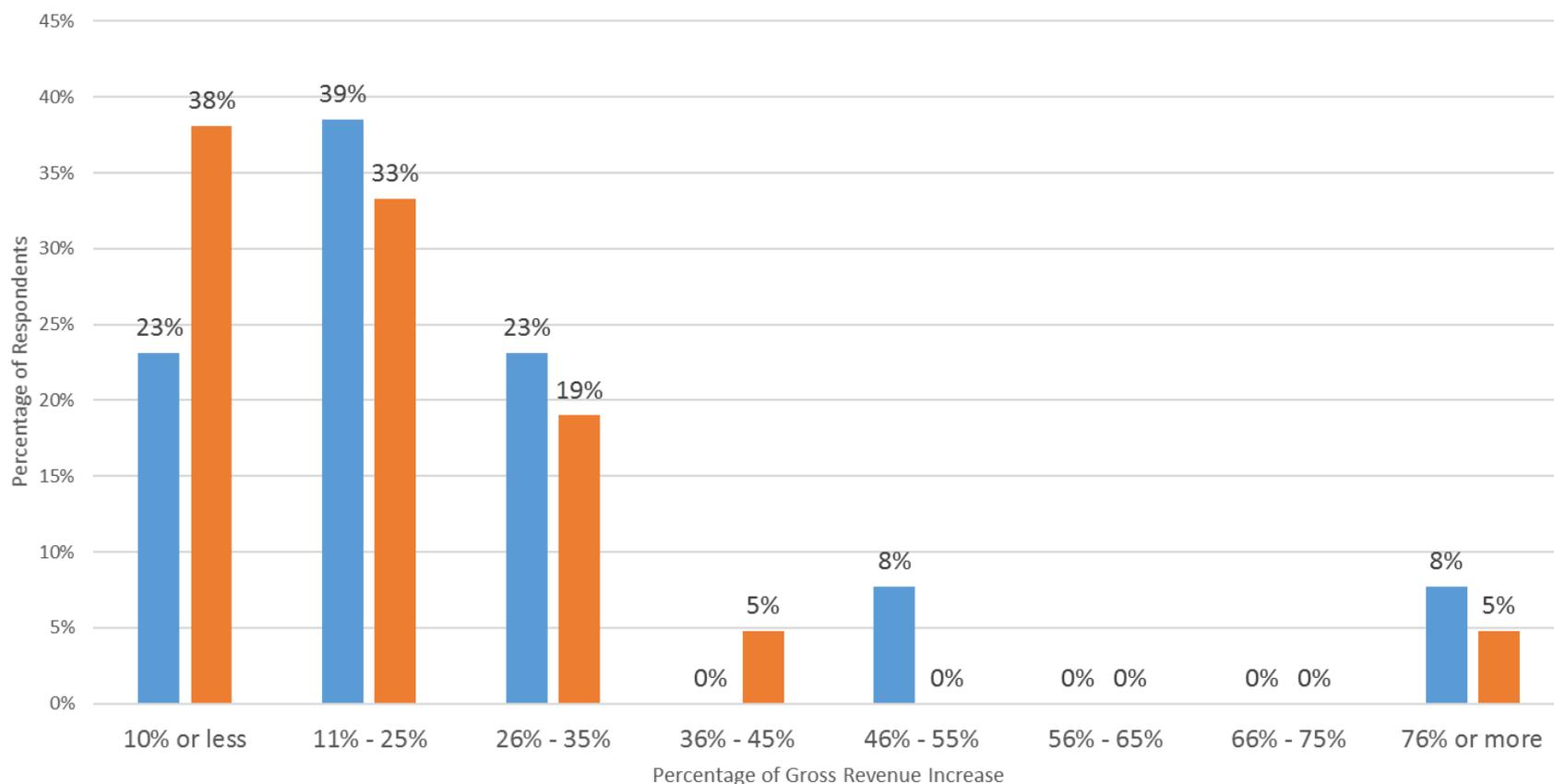
Straight transcription & speech recognition editing

This data applies to the 57% of MTSOs that experienced an increase in MT gross revenue.

Legend: 2016 (blue), 2014 (orange)

Percentage of Gross Revenue Increase	2016	2014
10% or less	23%	38%
11% - 25%	39%	33%
26% - 35%	23%	19%
36% - 45%	0%	5%
46% - 55%	8%	0%
56% - 65%	0%	0%
66% - 75%	0%	0%
76% or more	8%	5%

Y-axis: Percentage of Respondents

MTSOs identified the factors leading to the increase in revenue

■ 2016 ■ 2014
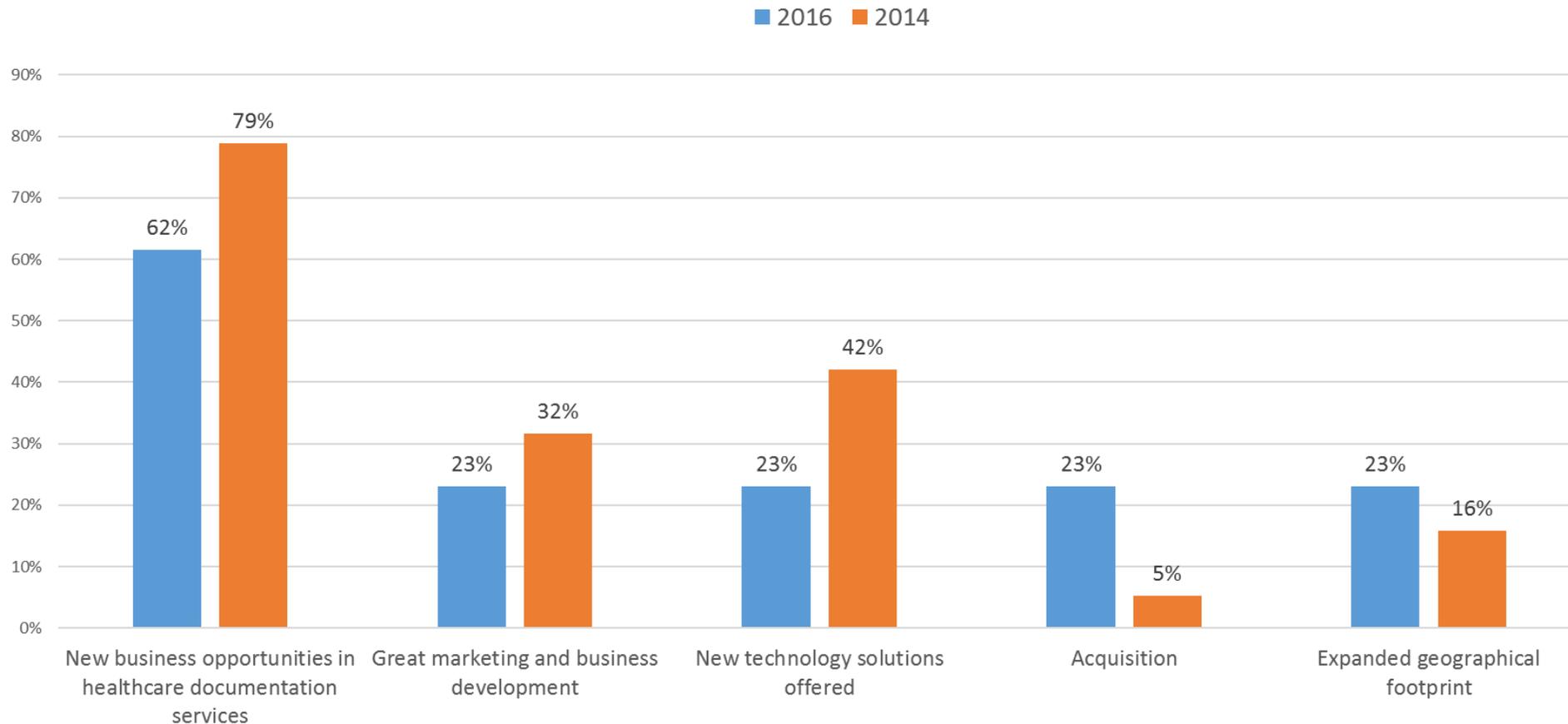
"New business opportunities in healthcare documentation" continues to be the top factor in growing revenue among MTSOs.

	New business opportunities in healthcare documentation services	Great marketing and business development	New technology solutions offered	Acquisition	Expanded geographical footprint
2016	62%	23%	23%	23%	23%
2014	79%	32%	42%	5%	16%

MTSOs forecast their MT revenue for the next 12 months compared to the past 2 years

Legend: ■ 2016 ■ 2014

Chart data:

Category	2016	2014
Anticipate significant increase (10% or more)	26%	15%
Anticipate modest/mild improvement (less than 10%)	35%	41%
Anticipate modest/mild decrease (less than 10%)	4%	17%
Anticipate significant decrease (10% or more)	22%	20%
Remain consistent (0% change)	13%	8%
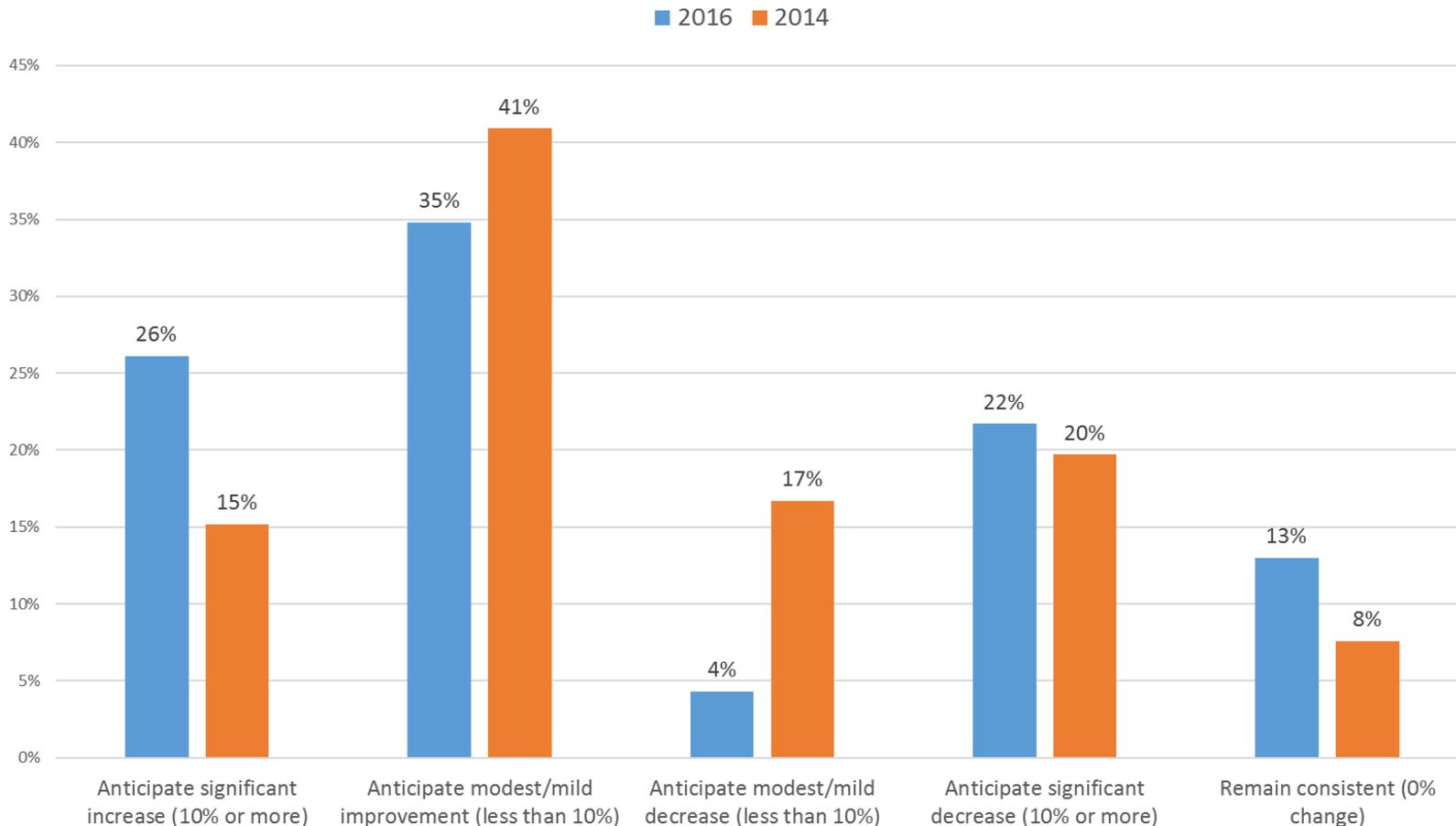
The revenue outlook among MTSOs is generally more positive in 2016 compared to 2014.

In 2016,
- 61% anticipate an increase compared to 56% in 2014.
- 26% anticipate a decrease compared to 37% in 2014.

Over the past 2 to 3 years, MTSOs shared the steps they have taken to improve profitability (selected all that applied)

|	
Offshored transcription services	15%
Reduced MT pay rates	35%
Reduced work going to QA	20%
Implemented additional MT processes	20%
Changed line counting methodology	15%
Improved marketing budget	20%
Added new products to solutions	35%
Raised billing rates	20%
Expanded geographic footprint	20%
Reduced employee benefits	30%
Reduced travel to client sites	35%
Streamlined management infrastructure	65%
Streamlined technology infrastructure	40%
Increased MT pay rates	5%
Required MTs to be credentialed	0%

2014 Survey Results

Moved transcription to global resources	15%
Reduced MT pay rates	38%
Reduced work going to QA	22%
Implemented additional MT processes	27%
Changed line counting methodology	18%
Improved marketing budget	25%
Added new products to solutions	32%
Raised billing rates	10%
Expanded geographic footprint	15%
Reduced employee benefits	22%
Reduced travel to client sites	18%
Streamlined management infrastructure	43%
Streamlined technology infrastructure	28%

Outside of healthcare, MTSOs indicated if they offer other transcription services

	Legal transcription	Business transcription	Government transcription	Other transcription (not medical)
No	83%	76%	94%	68%
Yes	17%	24%	6%	32%

Yes ■ No ■
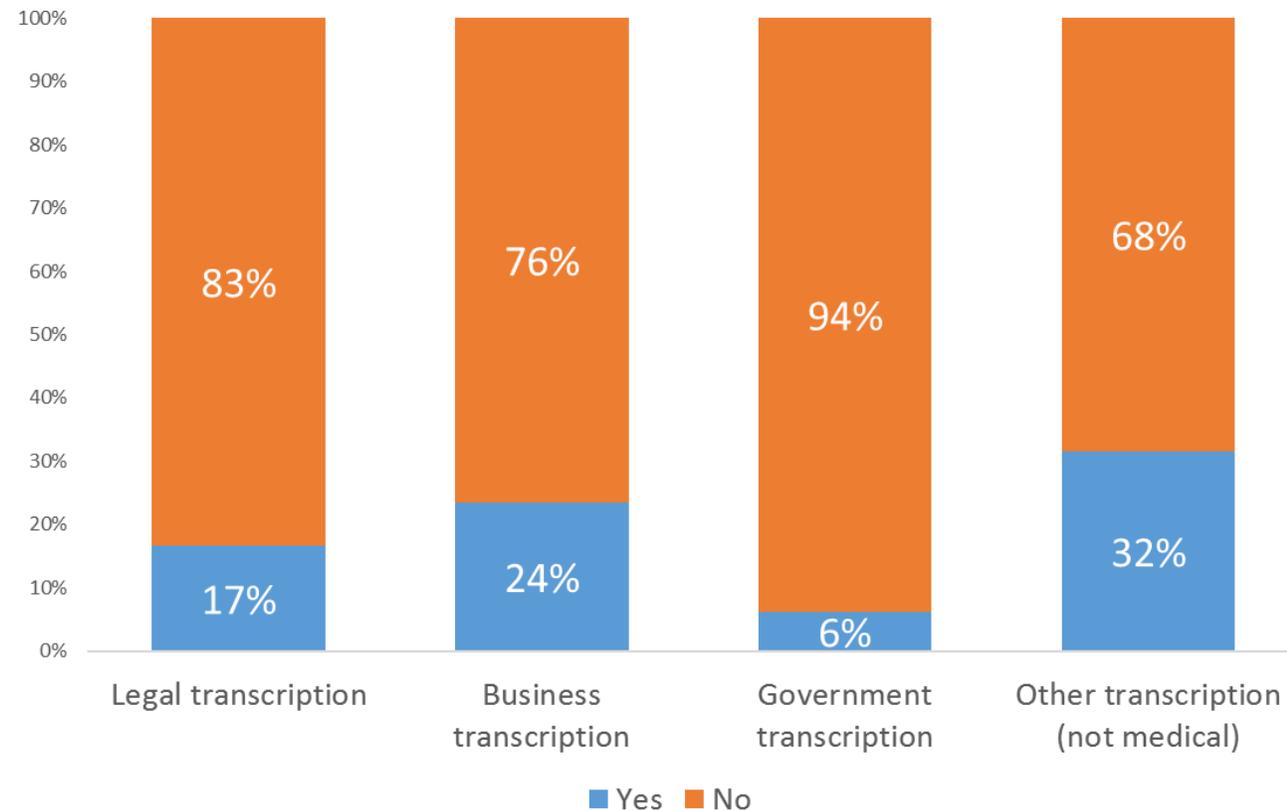
In addition to transcription services, MTSOs indicated the other products and services they offer

Legend: No, but planning to add in the next 12 months ■ No ■ Yes

	Coding services	Billing services	Natural language processing	Medical scribing services	Mobile device app (e.g., capture dictation)	Transcription platform	Dictation equipment
Yes	21%	5%	11%	5%	60%	73%	47%
No	79%	95%	89%	95%	30%	23%	53%
No, but planning to add in the next 12 months	0%	0%	0%	0%	10%	5%	0%
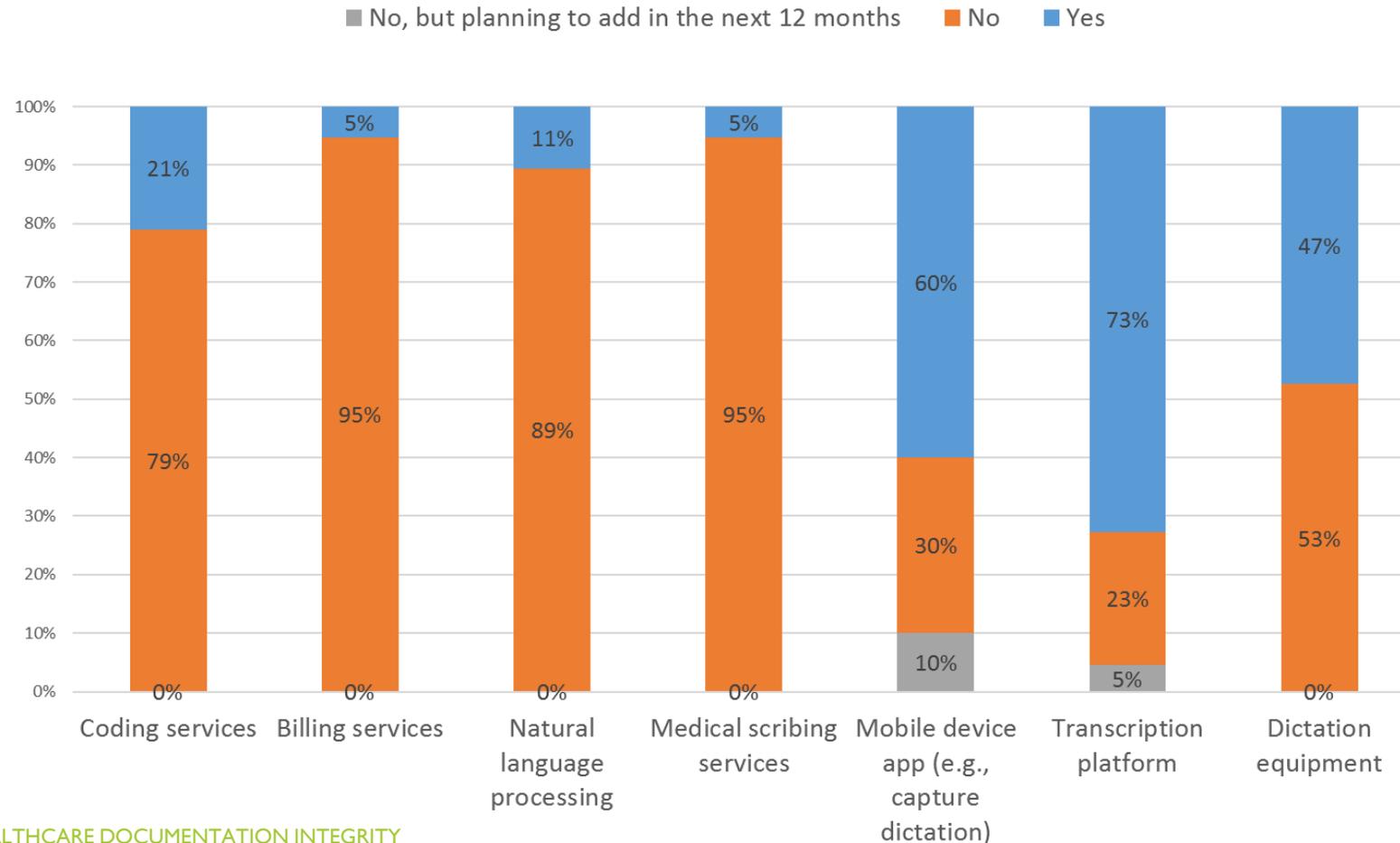
THE WORKFORCE

SIZE, COMPOSITION, AND BENEFITS

MTSO Workforce: Number, Classification, and Location

Number of MTs/Editors

- 23% — 5 or less
- 14% — 6 to 25
- 27% — 26 to 100
- 32% — 101 to 500
- 0% — 501 to 1,000
- 4% — 1,001 or more

Legend:
- 5 or less
- 6 to 25
- 26 to 100
- 101 to 500
- 501 to 1,000
- 1,001 or more
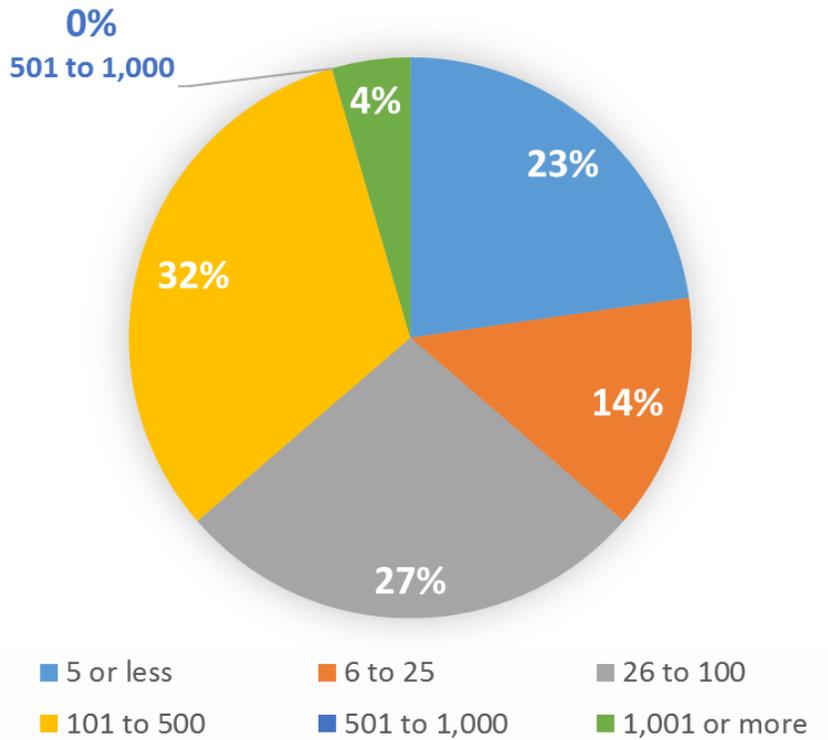
Classification of MTs/Editors

- 43%
- 35%
- 22%

Legend:
- Independent contractors (business associates)
- Employees
- Both

Location of MTs/Editors

- 70%
- 0%
- 30%
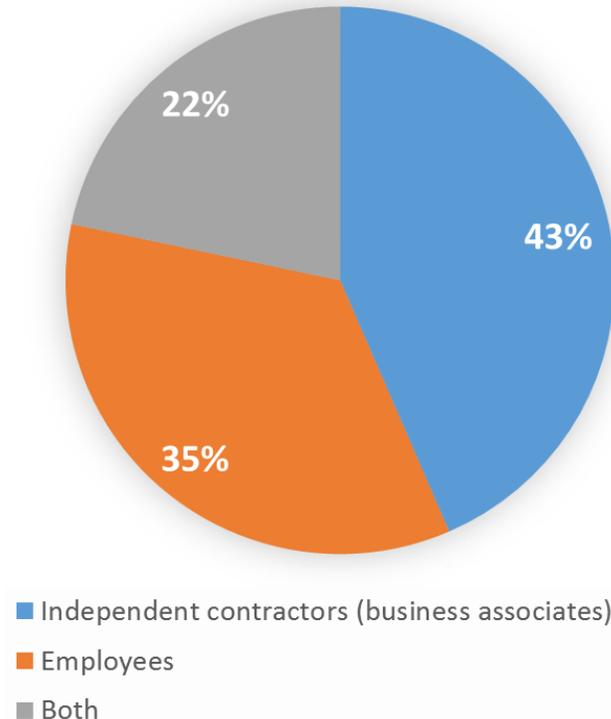
Legend:
- 100% located in the U.S.
- 100% located outside the U.S.
- Blend of both U.S. and globally-based MTs/editors
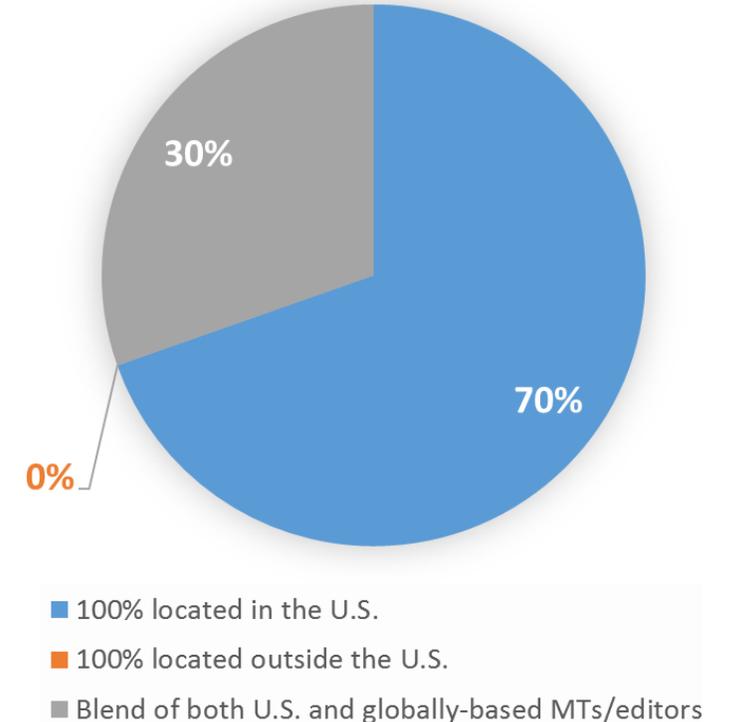
MTSOs indicated the benefits they provide to MTs and editors (selected all that applied)
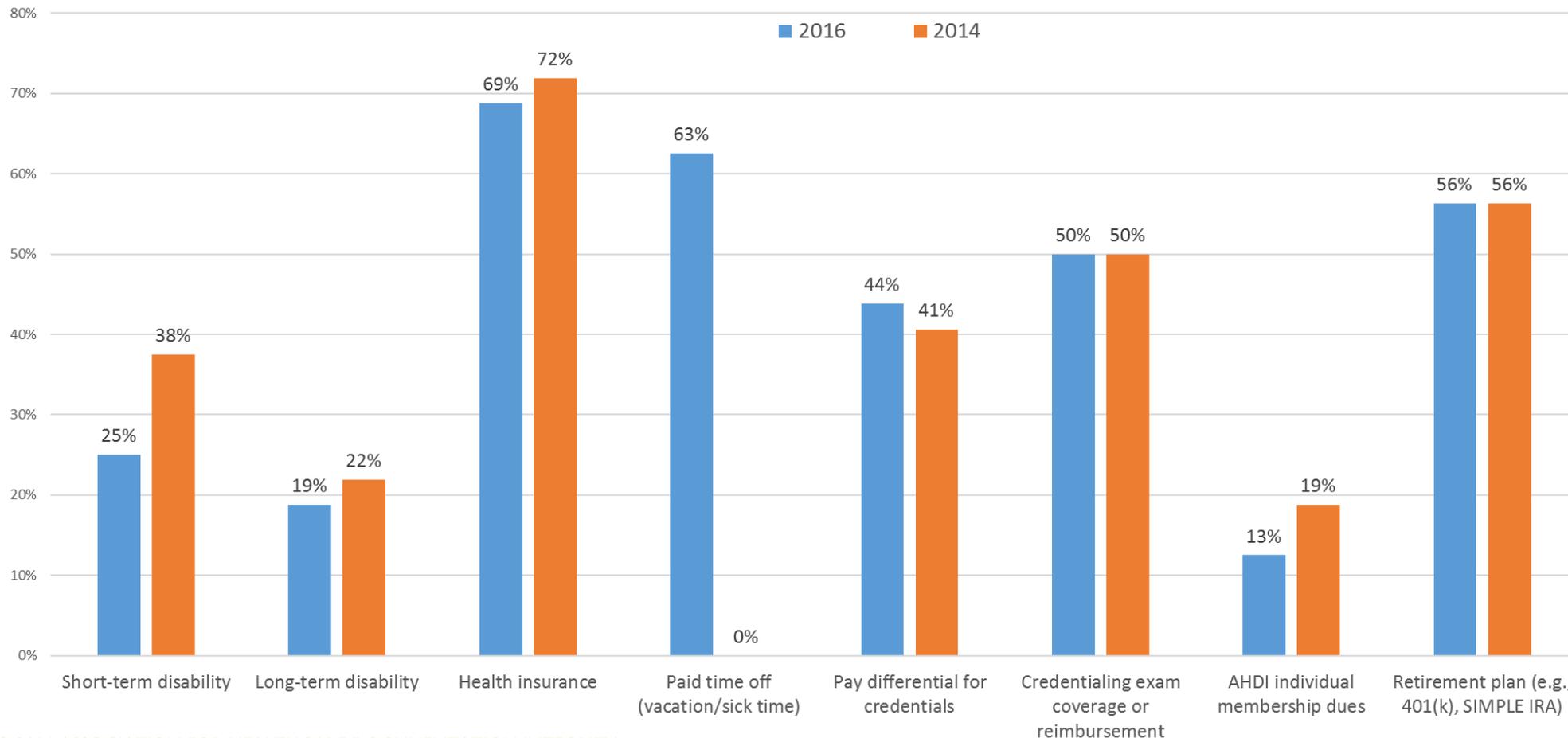
Note: "Paid time off" was added to the 2016 survey and not included in 2014.

MTSOs indicated how they are handling increases in minimum wage laws in U.S. cities and/or states (selected all that applied)

|	
Not hiring individuals from certain cities and/or states	9%
Increasing the wages for our workforce	0%
Moving from production-based pay to hourly wages	0%
Not changing our business practices	87%
Other	9%

MTSOs indicated if they hire recent graduates from AHDI-approved education programs

Legend: ■ 2016 ■ 2014

Yes: 2016 = 52.2%, 2014 = 51.7%
No: 2016 = 47.8%, 2014 = 48.3%
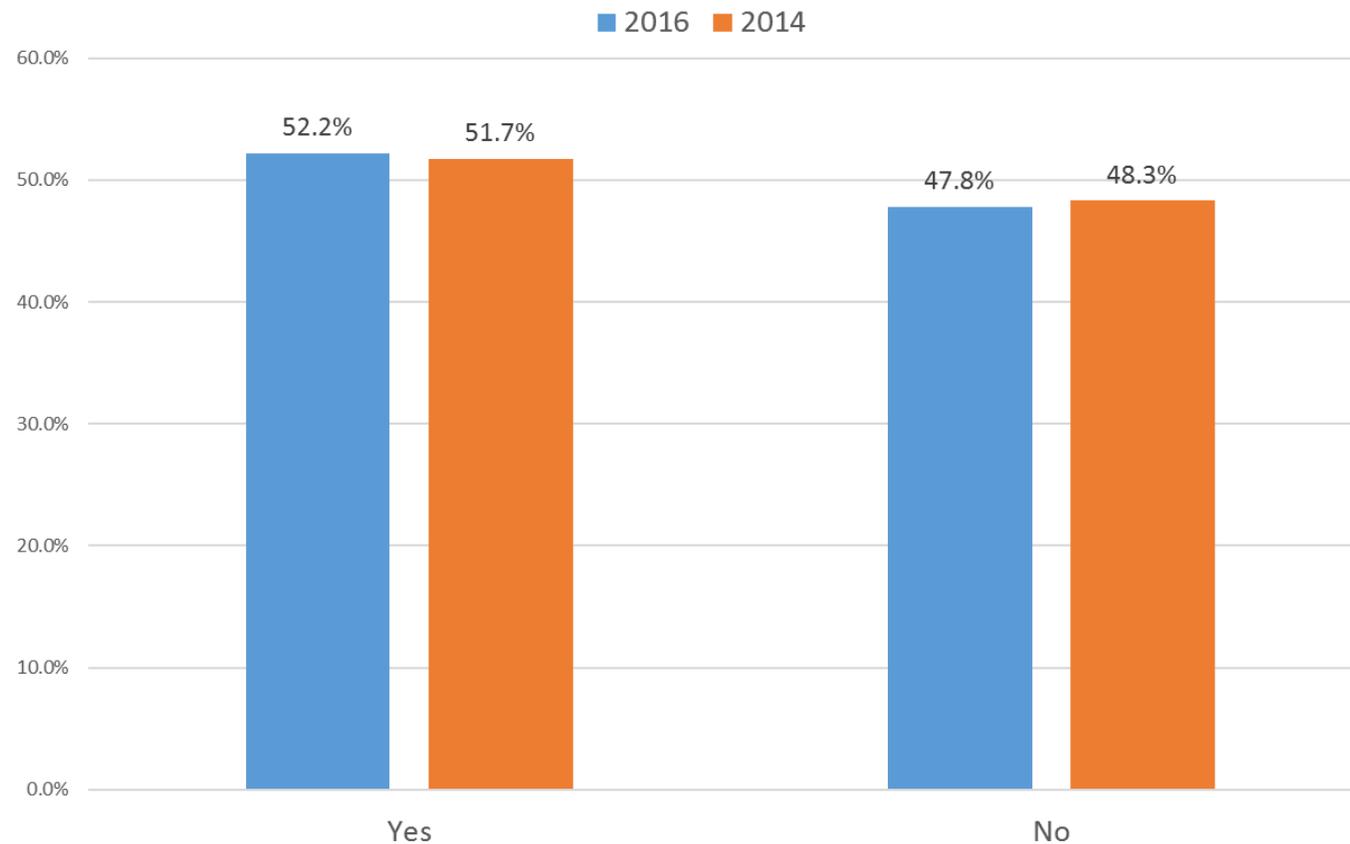
MTSOs indicated if they offer any of the following training programs

Legend: ■ 2016 ■ 2014

- Internship program: 2016 14%, 2014 14%
- Externship program: 2016 9%, 2014 3%
- Apprenticeship program: 2016 9%, 2014 3%
- None of the above: 2016 77%, 2014 85%
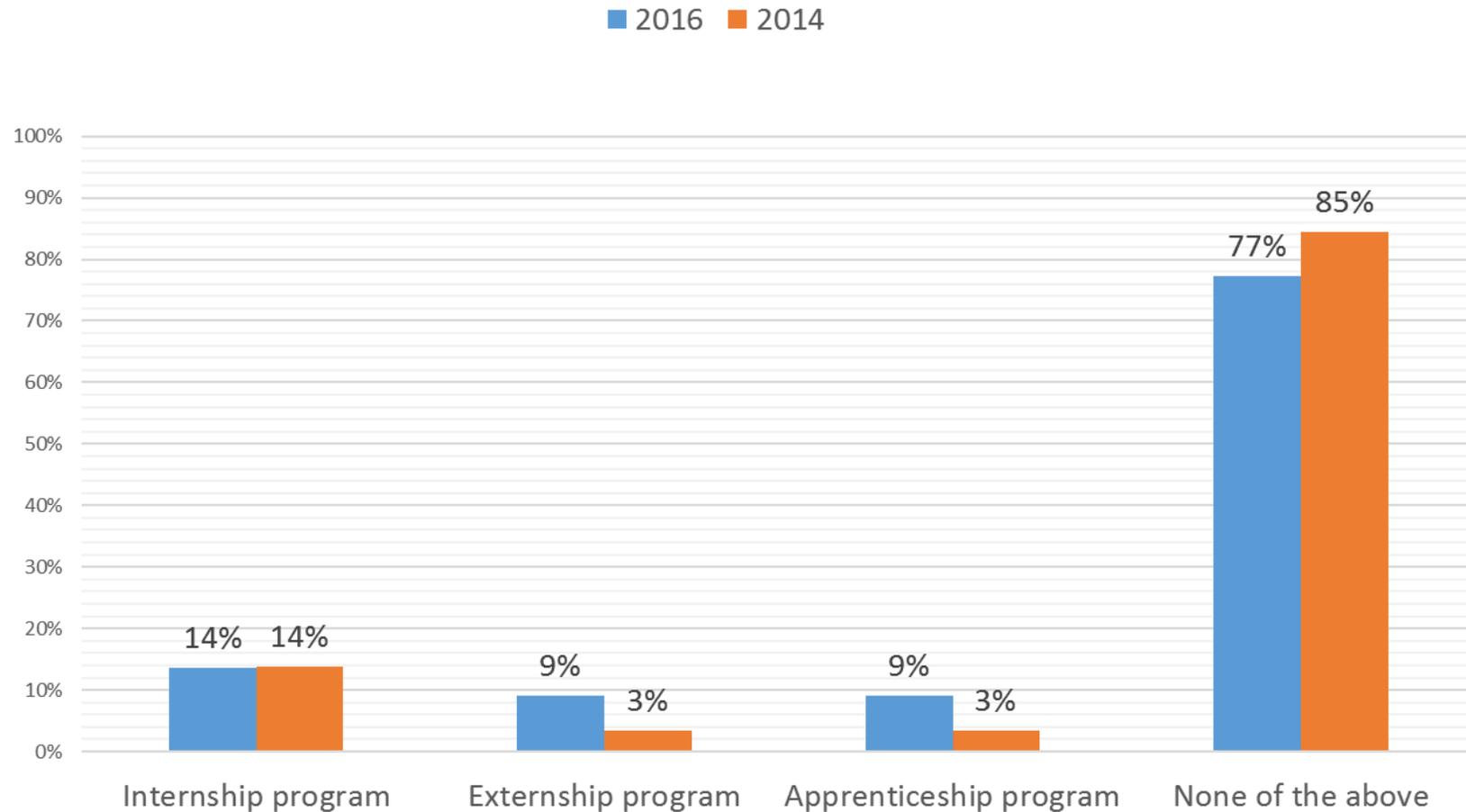
MTSOs indicated if they prefer hiring recent graduates with an RHDS credential

MARKETING & SALES

GENERATING LEADS, SOCIAL MEDIA, AND MARKETING SKILLS
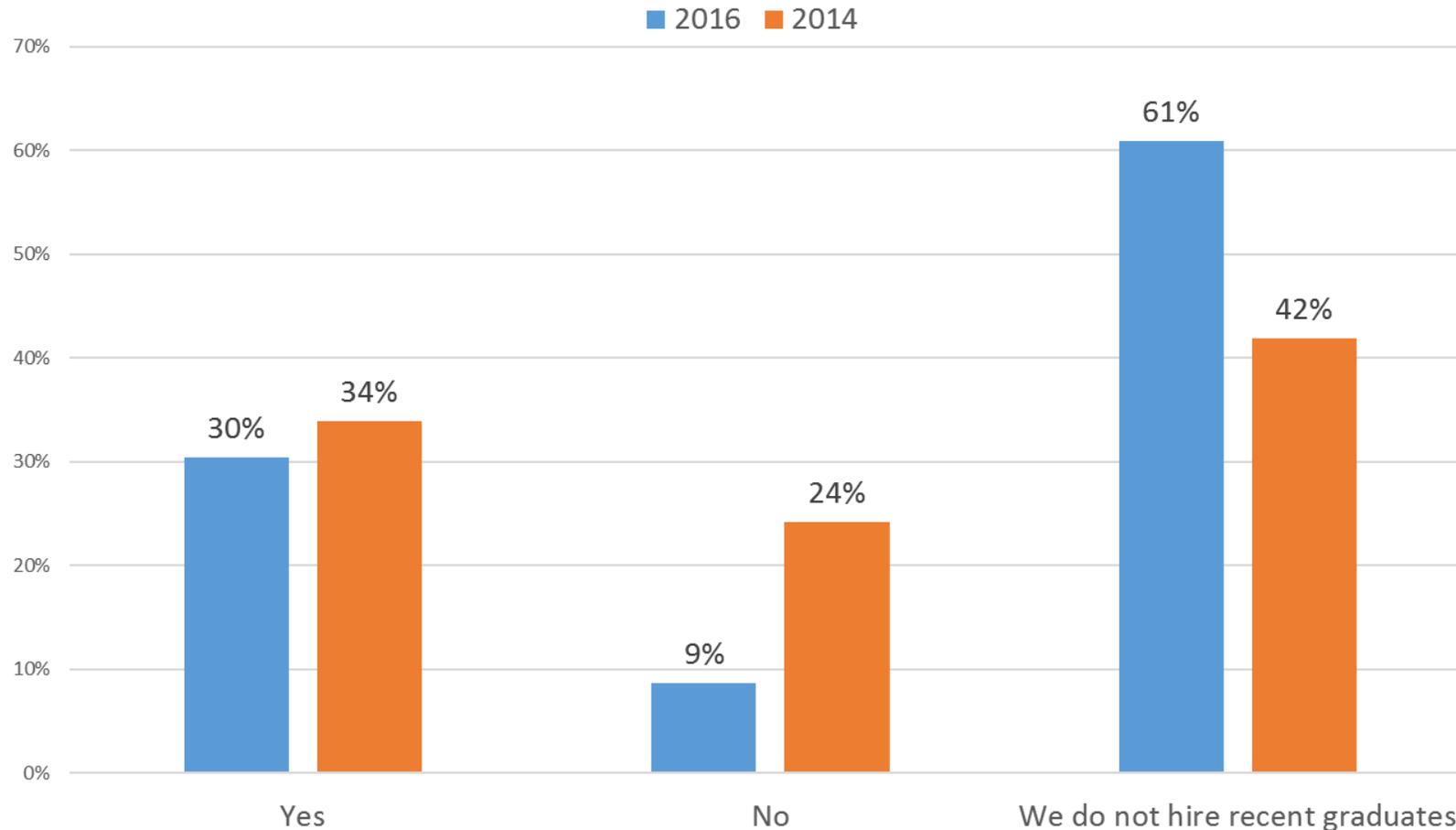
Tactics MTSOs use to acquire prospects and new clients (selected all that applied)

	2016	2014
Telemarketing firm	18%	13%
Word of mouth	86%	90%
Cold calling	32%	43%
Flyer distribution	36%	37%
Webinars/presentations	18%	28%
Emails	46%	57%
Trade shows	46%	47%
Press releases	14%	23%
Direct mail	36%	43%
Print advertising	14%	23%
Digital advertising	46%	38%
Content marketing	14%	18%
Employ sales team	27%	27%
Client luncheons/dinners	18%	12%

MTSOs rate their marketing and sales effort

Legend: ■ 2016 ■ 2014

- Excellent: 4% (2016), 6% (2014)
- Good: 30% (2016), 32% (2014)
- Needs improvement: 57% (2016), 48% (2014)
- I do not do any marketing and sales: 9% (2016), 14% (2014)
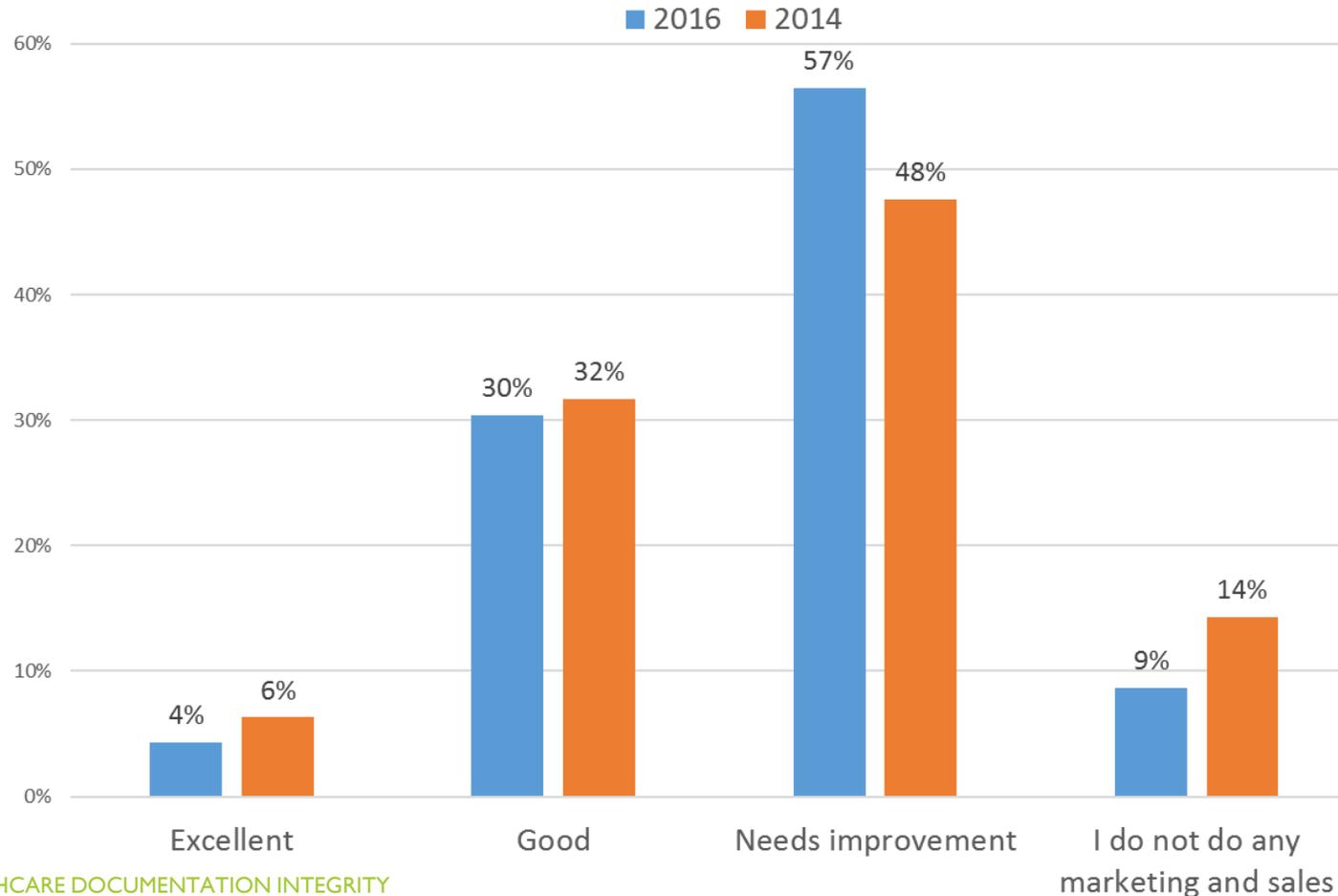
MTSOs indicated the social media sites where their businesses are present (selected all that applied)

Legend: ■ 2016 ■ 2014

	Facebook	Twitter	LinkedIn	Pinterest	Instagram	Company blog	None
2016	68%	32%	82%	9%	5%	32%	9%
2014	57%	25%	59%	7%	5%	26%	28%
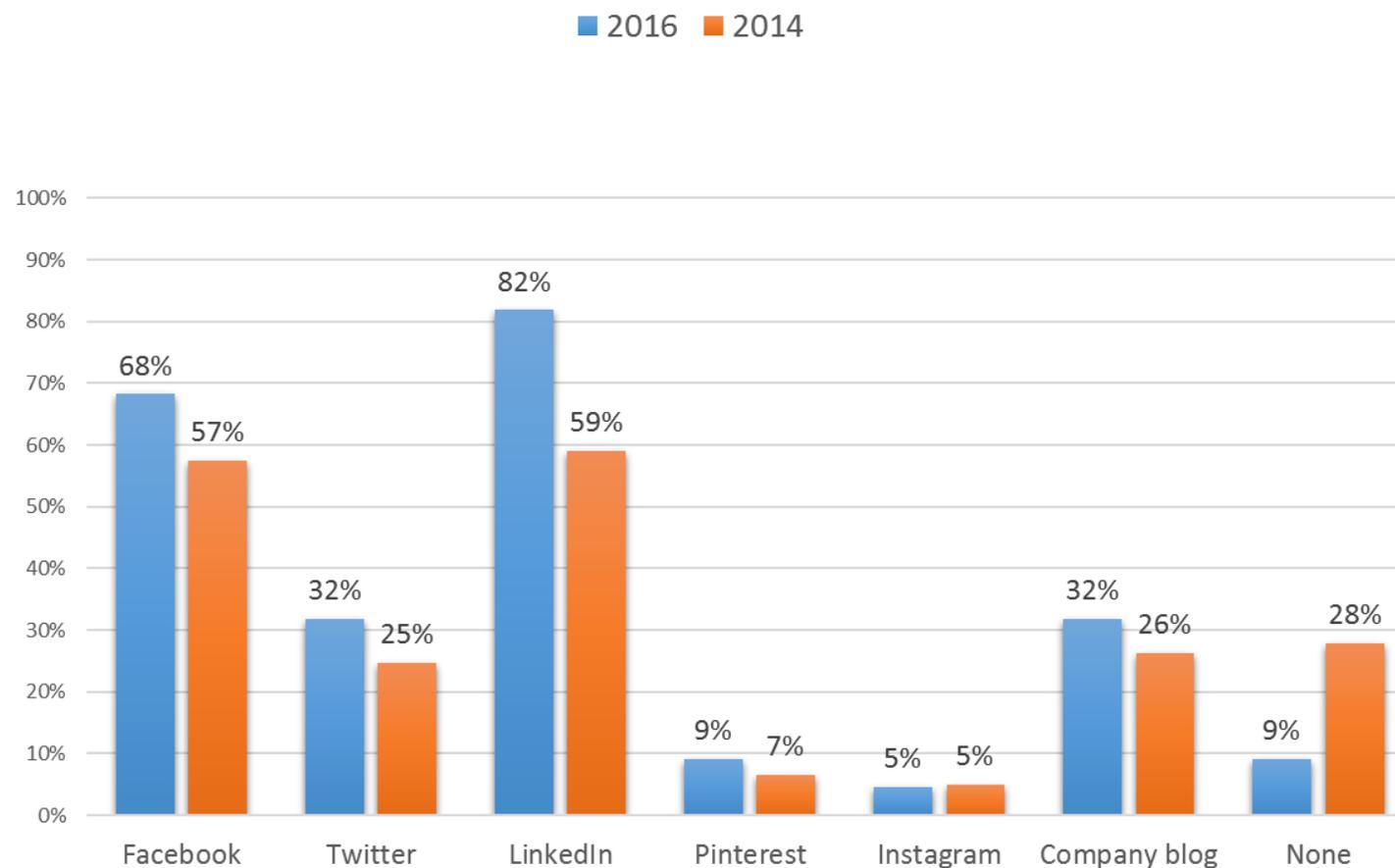
MTSOs described their social media skills/experience
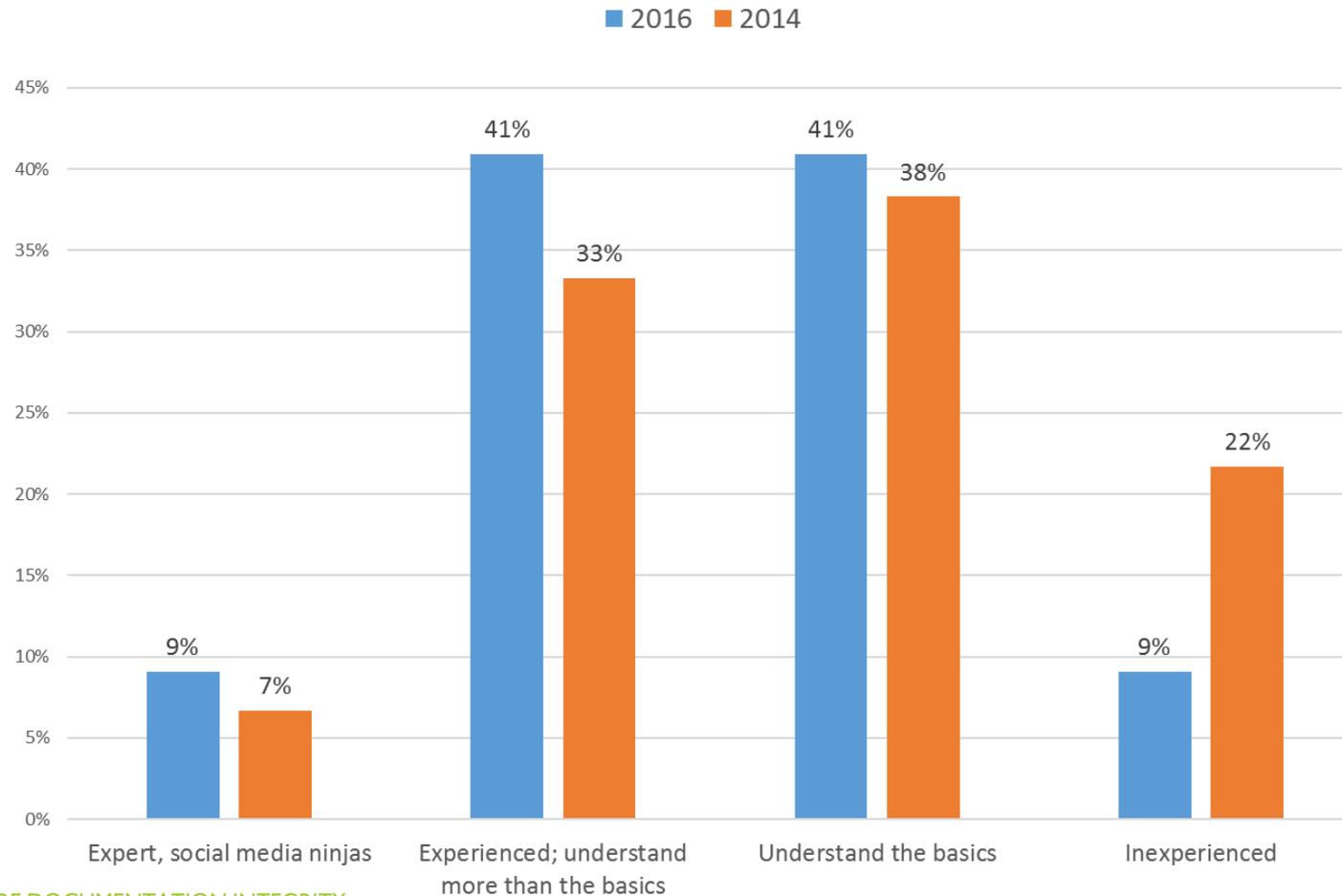
INFRASTRUCTURE

BUSINESS FUNCTIONS

MTSOs indicated the functions they handle within their organization and those in which they hire outside help

Legend: ■ No ■ Yes, outside help ■ Yes, inside the organization

	Marketing/PR	Website	IT	HR	Accounting	Payroll	Training	Administrative
Yes, inside the organization	62%	33%	76%	73%	78%	65%	81%	100%
Yes, outside help	10%	52%	24%	18%	22%	35%	14%	0%
No	29%	14%	0%	9%	0%	0%	5%	0%