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COPYING COSTS: Help is as Close as Your 1040

As litigation and interest in copy costs seem to persist throughout the country, I continue to hear from colleagues asking for updated information on this subject. Expensive research has been commissioned by some organizations to defend the costs incurred to accommodate requests for copies. But who would think that the Internal Revenue Service (IRS) would be in the same predicament as healthcare facilities.

Late last summer, as I plowed through the stack of magazines and newsletters that accumulate each week, I glanced over the headings of my tax practitioner bulletin. What did I find but a small blurb entitled "Costs for Copies Increase."

It stated, "A fee of \$23 is now required for each request for a copy of a tax return or other related document....The \$9 increase is based upon a

review of actual processing costs....A tax return transcript will be processed in seven to ten days from IRS receipt."

This sounded similar to the problem health information managers deal with on a daily basis. After all, our healthcare facilities are the single source for a "bona fide" copy of the patient's record and the IRS is the single source for a "bona fide" copy of one's tax return.

It appears as if the IRS has a somewhat simpler operation to support its service than do healthcare facilities. These facilities have forms with information on both sides and some are 17 inches by 22 inches or larger. Further, the IRS doesn't have to comb the record to determine if there is mention of AIDs or a mental health problem or other sensitive data protected by a state, federal, or other local statute. Last, the IRS document isn't awaiting a signature or dictation somewhere.

After realizing that there really are similarities, I contacted the IRS for further information on a study. Of course, this meant making a request for the study through the Freedom of Information Office.

The study included data from fiscal year (FY) 1995, which represented 339,172 requests for copies. A major costing assumption was that all requestors will pay for "PRP" (Problem Resolution Program), "Congressional," and no-finds. "PRP" and "Congressional" are, therefore, the equivalent of "freebies." If a return was not available, a refund would be made. Since we in healthcare do not usually collect in advance, refunds are not commonplace for us. Of the 339,172 raw requests, refunds were made on 116,747, netting 222,425 paid requests. In addition to the 222,425 paid requests, there were an estimated 135,669 rejected requests. Total requests handled for FY95 was 474,841.

The IRS had two primary types of requests: IMF (individual master file), which averaged five pages; and BMF (business master file), which averaged eight pages. A recent study I performed at a regional hospital indicated that the hospital's average request was for a 14-page document. At the IRS, for each rejected or returned request, there was a cover letter generated, resulting in two pages per this type of request. In a healthcare facility, each rejected or returned request usually includes the original request and a cover letter indicating why the document is being returned.

The total number of pages generated in

the IRS study was 1,728,310 for an average cost per page of \$2.90 without inflation and with agency overhead, or \$4.03 adjusted for inflation and agency overhead.

Following are the IRS cost categories. Their counterparts in a healthcare facility are noted in parenthesis.

- mail handling (picking up and sending the mail)
- extracting forms (deciphering which pages to copy or what items to check on rejection letters)
- examining the form (verifying the request for release)
- clerical support (personnel to copy documents or handle walk-ins)
- manual deposit (depositing of funds received)
- central file control (file clerk activity)
- pulling returns (pulling the chart)
- refiling returns (refiling the record)
- PC system input and review (entering the data into a requestor system similar to a healthcare facility's ROI system)
- accounting (no difference)
- quality assurance (verification that requests are being handled properly and expediently)
- overhead (department management)
- benefits @ 23.7% (a hospital's benefit allocations may be 25%)
- customer service (appears to be similar to a hospital's reception/front desk activities, including receiving requests for release of information forms or guidance)
- cost of form (cost of release of information form and record outguide form)
- photocopy equipment (no difference)
- communications (this appears to be publication relations activities, since it is a cost at the national office level; in some healthcare facilities, literature is printed and distributed concerning access of medical records.)
- service center space (record request or correspondence area)
- telecommunications (the study assumed 30% of the customers would telephone to secure the form; healthcare facilities probably have as many calling for guidance or to determine the status of their request.)
- internal printing-training, administrative (a healthcare facility's procedure or state association manuals)
- postage (no difference)
- envelopes (no difference)
- paper (no difference)
- FRC Cost [Federal Record Center] (the file room staffing, area, and overhead)

- agency support cost (administration overhead)
- inflation (no difference)

After all was said and done, the IRS' grand total was \$6,970,071.06 for 1,728,310 pages — \$4.03 per page.

IRS labor costs were not unlike those of a healthcare organization's. Hourly rates for clerical staff ranged from \$8.70 to \$9.73. Quality assurance hourly rates were \$12.75 per hour. Postage costs appear to be based on standard United States Postal Service rates — \$.32, \$.55, and \$.78.

There continue to be major hurdles that health information management personnel must leap to accommodate their customers:

- Our record forms are horrendous with their colors, varying sizes, and double-sided entries.
- We sometimes have to go to court with our copies.
- Our retention period, for most purposes, is permanent, unless we want to weed out the minors.
- Because of the myriad regulations, we have to read the record before copying it.
- The IRS' response time of seven to ten days is too slow in the realm of patient care. We have to produce the copy now so that the patient will be there, alive, tomorrow.
- When we submit our tax returns, they are already complete. Our medical records, however, often need to be completed by more than one physician or other provider.

The IRS' copying cost of \$2.90 to \$4.03 per page sounds more reasonable than any of the costs noted in previous studies of healthcare facilities. My own study showed a cost of \$.838 per page in 1992. Other studies revealed the following costs: OHIMA — \$.65 to \$1.70 per page in 1992; SMART Corporation — \$1 in 1994; and KPMG Peat Marwick's Pennsylvania Analysis — \$.52 to \$1.52 per page in 1991.

At last we have in the IRS an independent agency to which we can compare costs and refer those who believe healthcare fees for copies are too expensive.

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