

MEDICAL CODING OUTSOURCING • PHILIPPINES

The coding-accuracy standard: the executive economics of medical coding outsourcing to the Philippines.

An analysis of why charts coded is a volume vanity metric, how coding accuracy and first-pass acceptance — never coding throughput — decide the true cost of a coding operation once denials, downcoding, recoupments, and audit exposure are counted, and the vendor-selection discipline that gets the code right the first time.

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JUNE 2026

MANILA • ESTABLISHED 2001

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ABOUT THIS SERIES – VOLUME 23

Every medical-coding proposal is priced per chart coded, because throughput is easy to count. This volume is about the only coding outcome a provider's revenue and compliance posture actually depend on: the code that is accurate, supported by the documentation, and accepted on the first submission — without a denial, a downcode, an appeal, or a recoupment on audit. The gap between coding a chart and coding it correctly is where denied revenue and audit exposure live. The full series lives at piton-global.com.

About the authors



John Maczynski

Chief Executive Officer

John has bought coding capacity for three decades, and learned that the fast coder who clears charts and miscodes them is the most expensive one a health system can hire — because every miscode is a denial to appeal, a downcode that shrinks the claim, or a recoupment waiting on the next payer audit. His standing question ignores the productivity report: of the charts you coded, how many were accurate, supported, and accepted on the first pass? Applied at PITON-Global, that question is what clients get on every coding sourcing decision — personally, with no account layer in between.

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Ralf has spent twenty-five years running Philippine health-information floors, and he judges a coding team by its accuracy rate and audit results, not its charts-per-day: what a dual-coder review catches before the claim goes out, and what a payer audit finds after. The coding contract in Section 3 codifies what he learned rebuilding teams that coded fast and left the documentation behind. He now reads coding providers the way he once ran them — from the denial log and the audit findings backward.

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ABOUT PITON-GLOBAL

PITON-Global is a buyer-side advisory practice, Manila-based since 2001, that has never operated a delivery floor or taken a placement commission. Its stock-in-trade is knowing the Philippine provider market at the operating level — 1,000+ mapped operations, re-verified continuously, including each coding team's real accuracy rate and audit history rather than its charts-per-day headline — and converting that

knowledge into a shortlist of six to ten genuinely qualified partners per engagement. Buyers from Tripadvisor, Garmin, TSYS, HealthPartners, Yetipay, Workrise, and Norman Disney & Young have run their searches through the practice.

SECTION 01

Executive summary

-57%

Fully-loaded cost per accurately-coded chart vs. US onshore

97%+

Coding accuracy rate on vetted teams, up from 85–92%

-61%

Reduction in coding-attributable denials on vetted teams

6.0×

First-year ROI, reconstructed case (Section 6)

A medical-coding engagement is bought on the price per chart and paid for on the charts it codes wrong. The vendor reports two hundred thousand charts coded at a fraction of the onshore cost; the provider finds the denials for unsupported diagnosis codes, the revenue lost to downcoded encounters, the queries nobody raised on incomplete documentation, and the recoupment demand when a payer audits the DRGs. The operation hit its productivity number and the provider inherited a denial backlog, a shrunken claim, and audit exposure it did not price. The gap between coding a chart and coding it correctly is where the real cost of cheap coding hides, because a miscoded chart is not throughput delivered — much of it is revenue lost and compliance risk acquired.

The Philippines is where medical coding is delivered with the most revenue-integrity discipline, because a deep, credentialed, specialty-trained coder pool can run the documentation reading and dual-coder audit that accuracy demands. Five findings:

- 1 Charts coded is the industry's most flattering number.** Any credentialed coder can assign a code and move on. Vetted teams are measured on accuracy: code-to-documentation match, first-pass acceptance, and audit pass rate. Weak providers quote a low per-chart price the provider repays in denials, downcodes, and recoupments. Section 2 shows the gap.
- 2 The documentation, not the code sheet, is the product.** An accurate code comes from reading the record, coding only what is supported, and querying the physician when it is not — never from guessing to keep the chart moving. Teams that code to the documentation get paid the first time and survive the audit; teams that code to the clock generate denials and recoupment exposure.

3 A miscode cuts both ways — denied revenue and audit liability. Undercode and the claim is smaller than the care delivered; overcode and the recoupment and penalty arrive on audit. Vetted teams hold accuracy above 97% precisely because both tails cost — the money left on the table and the money clawed back later.

4 The denial and the recoupment, not the keystroke, are what cost. A chart coded wrong costs the rework, the appeal, the downcoded revenue, and the fraction clawed back on audit — many times the per-chart saving. Teams that hold accuracy drive denials down and code defensibly, and that protected revenue — not the offshore rate alone — is where the case study's return is built.

5 Contract on the accurate chart, not the coded one. The contracting failure of coding is paying per chart and hoping it is right. Vetted deals price against accuracy floors, first-pass-acceptance targets, and audit-pass minimums, making correctness the team's problem, which is where it belongs.

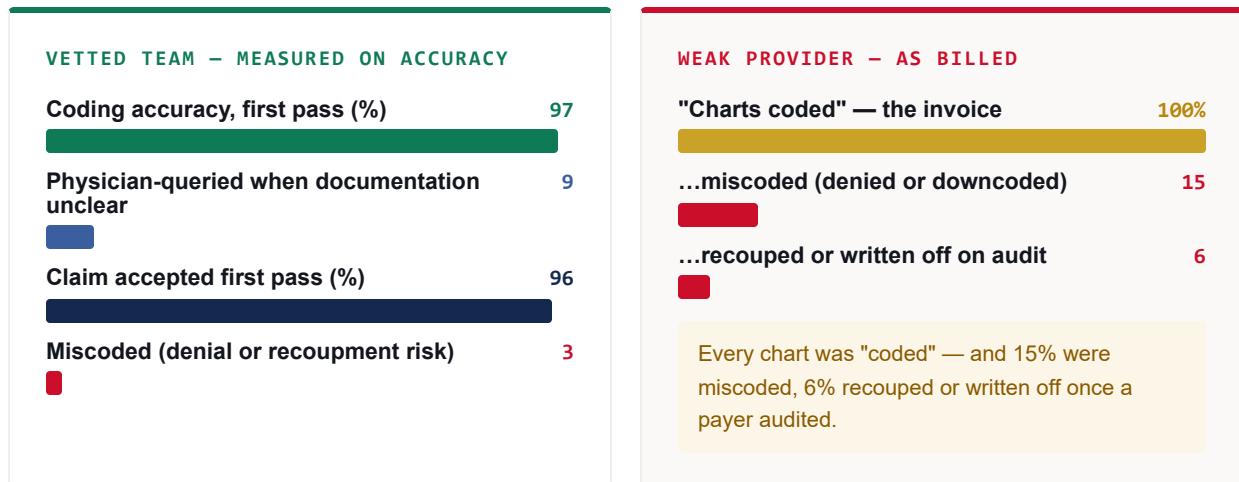
The intended reader is an HIM director, revenue-integrity leader, or CFO buying medical coding per chart and paying for it in denials, downcodes, and audit exposure. Sections 2–4 separate the teams that code accurately from the teams that clear volume; Sections 5–7, the method and the proof.

SECTION 02

The volume mirage: charts coded versus coding accuracy

Figure 1 shows one month of a provider's charts two ways: as the productivity report a weak vendor bills, and as the coding-accuracy reality the provider's remittances and audit findings experience. The charts-coded number is identical in spirit to a chatbot's containment rate — a figure engineered to look like output while denials, downcodes, and audit risk accumulate underneath.

FIG. 1 — ONE MONTH OF CHARTS: CODING-ACCURACY QUALITY VS. REPORTED PRODUCTIVITY



Left: PITON-Global engagement instrumentation, 2025-26, accuracy audited. Right: composite of pre-engagement vendor reporting reviewed in diligence.

The economics follow the accuracy, not the chart count. On the left, ninety-seven percent of charts are coded accurately and ninety-six percent accepted first pass, so cash arrives clean and auditors find nothing; on the right, a cheap per-chart price miscodes fifteen percent and gives back six on audit, paying in denials, downcoded revenue, and recoupment at once. A low per-chart price that generates miscodes is not a saving; it is revenue leakage and compliance liability, delayed and partly permanent. The accuracy audit — code-to-documentation match, first-pass acceptance, audit findings — is the cheapest due-diligence instrument in this paper.

SECTION 03

The coding contract: code to the documentation, audit every coder, defend the code

Figure 2 lays out the three clauses of a working coding contract — the machinery a floor read verifies before any per-chart price is believed.

FIG. 2 – THE CODING CONTRACT, AS OPERATED ON VETTED TEAMS



Operating parameters from PITON-Global health-information engagements, 2025-26.

In diligence, the contract is tested from the record's side: pull a sample of coded charts and re-audit them against the documentation to measure true accuracy; check the query log for whether coders challenge weak documentation; review the payer-audit and recoupment history. Perhaps one team in ten survives it cleanly. Steps 3 and 5 of the framework exist to find that one before the contract does — because everything in Table 3 of Section 6 depends on coding accuracy, not charts coded.

SECTION 04

Cost and performance: cost-per-accurately-

coded-chart economics and benchmarks

TABLE 1 — FULLY-LOADED COST PER ACCURATELY-CODED CHART: THREE OPERATING MODELS (2026)

OPERATING MODEL	COST / ACCURATE CHART	VS. US BASELINE
US onshore in-house coding team	\$8.90	baseline
Low-cost offshore coding mill (per-chart)	\$6.10	–31%
Vetted Manila team — dual-coded, audited	\$3.83	–57%

Basis: PITON-Global engagement pricing 2025–26; cost per accurately-coded chart = fully-loaded operating cost divided by charts coded correctly (miscoded charts excluded); the coding mill looks cheap per chart but rework, downcoded revenue, and recoupments lift its true cost per accurate chart; US comparator fully-loaded in-house cost.

TABLE 2 — MEDICAL-CODING BENCHMARKS, VETTED VS. BASELINE (2025–26)

METRIC	VETTED TOP TIER	BASELINE	EXECUTIVE READING
Coding accuracy rate	97%+	85–92%	The only coding number revenue follows
First-pass claim acceptance	96%+	80–88%	Accepted now, or coded twice
Coding-attributable denials vs. baseline	–61%	baseline	"Code to the documentation" — held or not
DNFB days (discharged, not final billed)	<4	8–14	Cash billed, or charts aging in a queue
Payer-audit pass rate	98%+	85–92%	Revenue kept, or clawed back

Source: PITON-Global health-information engagement data 2025–26; baseline = typical pre-engagement operations billed on charts coded.

The strategic read: the coding mill's –31% per chart is a false economy — rework, downcoded revenue, and recoupments lift its true cost per accurate chart far above the per-chart gap, and a percentage of denied or clawed-back revenue never returns. The vetted Manila team's –57% is real because it is measured where the value is: the chart coded correctly, accepted fast and defended on audit. Buy on charts coded and you buy the right column of Figure 1; buy on cost-per-accurately-coded-chart and you buy accuracy — the same discipline every volume in this series keeps arriving at from a different door.

Sourcing discipline: the 7-Step Vendor Vetting Framework, applied to medical coding

Coding diligence adds one hard requirement to every step: a per-chart price is real only when the accuracy behind it survives a re-audit against the documentation. The funnel below is representative of a 30–60-seat HIM coding search.

FIG. 3 — THE 7-STEP FRAMEWORK AS A MEDICAL-CODING FUNNEL

STEP	WHAT IT ELIMINATES IN A CODING SEARCH	FIELD REMAINING
1 Requirements definition	Productivity-first scoping: fixes the accuracy floor, the first-pass-acceptance target, the coding-denial ceiling, and the audit-pass standard the operation must meet by specialty	1,000+
2 Market mapping	Coding mills: operations that bill chart volume and treat miscodes as the client's problem, and generalist floors with no credentialed coders or specialty depth	~46
3 Capability screening	Teams without the machinery: AAPC/AHIMA-credentialed coders, audited accuracy history, a dual-coder review, a physician-query workflow, and specialty coverage across your case mix	~13
4 Compliance & security audit	Weak data governance: HIPAA and PHI protection, access controls on the coding and EHR systems, HITECH breach discipline, SOC 2 scope covering the coding stack	~8
5 Operational diligence	The re-audit: pull coded charts and re-audit them against the documentation for true accuracy; review the query and payer-audit logs; interview on how they code a documentation-ambiguous encounter	4–6
6 Competitive RFP & negotiation	Per-chart pricing: finalists bid against accuracy floors, first-pass-acceptance targets, and audit-pass minimums — all carrying credits for charts that come back denied or recouped	2–3
7 Transition & launch governance	Cold cutover: the team calibrates against your documentation and case mix on a blind-coded sample before it owns production, with the accuracy floor certified before steady state, PITON-Global embedded buyer-side	1

Field-remaining counts represent a 30–60-seat HIM coding search, PITON-Global engagements 2024–26.

The standing guarantees hold: **vendor neutrality** — PITON-Global operates no coding floors, assigns no codes, and takes no placement economics, so the shortlist reflects audited accuracy performance, not inventory; **right-sizing** — teams for whom your operation is a flagship account. Six to ten genuinely qualified providers, delivered within 48–72 hours, free to the buyer, competing through a fully transparent, fair, comprehensive, and highly competitive RFP.

Re-basing the operation on accuracy: a 42-seat HIM coding rebuild, reconstructed

Engagement MC-040 is a US multi-facility hospital group — coding roughly 940,000 charts a year across inpatient, outpatient, and profee — that had offshored medical coding to a per-chart vendor. The chart price was excellent; the accuracy was not: the coding accuracy rate sat near 88%, coding-attributable denials ran high, DNFB days had crept into double digits, and a recent payer audit had triggered a recoupment. The revenue-integrity leader wanted the arbitrage without the denials and the audit exposure. Identifying details are anonymized under NDA.

SELECTION (WEEKS 0-8, RE-AUDITS)

Requirements fixed a 97% accuracy floor, a 96% first-pass-acceptance target, and a 98% audit-pass minimum, with a mandatory dual-coder review and physician-query workflow. Mapping produced 46 claimants; the machinery screen — credentialed coders, audited accuracy history, dual review, specialty coverage — left 13; the HIPAA-and-compliance audit left 8. Blind re-audits of each finalist's coded charts against the documentation shortlisted 5. A Manila team won priced against accuracy and audit pass, with a re-audit written into the reporting spec.

TRANSITION (MONTHS 2-7, CALIBRATED FIRST)

The team calibrated against the group's documentation and case mix on blind-coded samples and worked down the DNFB backlog before owning production coding; the accuracy floor was certified in month 3. The audit-and-education loop fed coder training from day one. By month 7 the coding accuracy rate reached 97.4%, first-pass acceptance hit 96%, coding-attributable denials fell 61%, and DNFB dropped below 4 days. PITON-Global chaired the accuracy review board to steady state.

TABLE 3 – MC-040 FIRST-YEAR VALUE BUILD-UP (US\$)

VALUE COMPONENT	YEAR 1	BASIS
Labor arbitrage on the 42-seat coding operation	\$1.28M	78.8k productive hrs × (\$26.20 – \$10.00)
Recovered revenue (denials + downcodes corrected)	\$0.44M	Net collections restored by higher coding accuracy
Recoupment & audit exposure avoided	\$0.18M	Clawbacks and penalties avoided on audit-defensible coding
Rework & query-handling reduction	\$0.14M	Lower recode and appeal load vs. baseline
Gross value created	\$2.04M	
Less: engagement & transition costs	(\$0.34M)	Calibration, backlog work-down, EHR/encoder integration; advisory fee \$0 (provider-paid model)
Net value ÷ cost = first-year ROI	6.0×	\$2.04M ÷ \$0.34M

Figures rounded; accuracy, denial, and audit effects audit-verified. Method in Methodology & notes.

Sixty-three percent arbitrage, thirty-seven percent from recovered revenue, avoided recoupments, and reduced rework — a typical split for the series, earned because the operation was re-based on accuracy rather than chart volume. Every line traces to a diligence step: the accuracy floor to Step 1, the accuracy-based pricing to Step 6, the dual-coder review to Step 3's contract. The revenue-integrity leader's line at the year-one review: "The chart price barely moved. What moved is that the auditors stopped finding money to take back."

SECTION 07

The executive playbook: governance for the first 180 days

A coding transition succeeds when the team is measured and paid on accuracy and audit pass — client in command throughout.



DAYS 0–30

Define accuracy, contract on it

Set the accuracy floor, the first-pass-acceptance target, and the coding-denial and audit-pass thresholds with revenue-integrity leadership before launch, and document the query workflow by specialty. Contract against accuracy and audit pass — never per chart alone — with floors and ceilings carrying credits. Stand up the accuracy re-audit as the program's arbiter of truth.

DAYS 30–90

Calibrate the coders, clear the backlog

Calibrate coders against your documentation and case mix on blind-coded samples and work down the DNFB backlog before the team owns production; certify the accuracy floor and dual-review loop. Switch on the audit-and-education loop feeding coder training from day one. Publish the coding dashboard: accuracy rate, first-pass acceptance, coding-denial rate, DNFB, audit pass.

DAYS 90–180

Own production, certify steady state

Hand production coding to the team only after it holds the accuracy floor and audit-pass minimum. Review the accuracy board monthly with the payer-audit findings on the table. Certify steady state on two months at floor including a coding-guideline update cycle; hand over on documented criteria; keep the quarterly re-audit standing.

THE FIVE FAILURE MODES WE ARE HIRED TO PREVENT

Paying per chart while miscodes pile up · coding to the clock instead of the documentation · guessing rather than querying weak documentation · letting DNFB age instead of billing on time · owning production before coding accuracy is proven. All five are settled at selection and contract.

The medical-coding argument, in one sentence: a coded chart is activity and an accurate chart is revenue that survives the audit, and a vetted Philippine team delivers –57% cost per accurately-coded chart with a 97%+ accuracy rate and coding denials cut by nearly two-thirds — for buyers who re-audit the accuracy instead of counting charts coded, and compete the finalists through a fully transparent, fair, comprehensive, and highly competitive RFP. Anyone can assign a code. We make sure you buy the team that assigns the right one.

METHODOLOGY & NOTES

How the numbers were built

Accuracy and denial figures (Fig. 1, Table 2) derive from engagement instrumentation in PITON-Global health-information engagements, 2025–26. Coding accuracy is measured by re-auditing coded charts against the source documentation; first-pass acceptance, coding-attributable denials, DNFB, and audit-pass rate are measured against

the client's pre-engagement baseline. The weak-provider column is a composite of pre-engagement vendor reporting reviewed in diligence, shown for contrast.

Cost-per-accurately-coded-chart figures (Table 1) are fully loaded — wages, benefits and statutory charges, facilities, technology and encoder/CDI tooling, management and QA overhead including auditors and CDI specialists, attrition-driven recruiting — divided by charts coded correctly, with miscoded charts excluded from the denominator; US comparators reflect fully-loaded in-house cost on the same basis. An accurately-coded chart is one that matches the documentation and survives audit.

The case study (MC-040) is anonymized under NDA; volumes and dates are generalized, figures rounded. Accuracy, denial, and audit effects are audit-verified; the recovered-revenue line reflects restored net collections, and the recoupment-avoided line is a conservative estimate. $ROI = \text{net first-year value} \div \text{all engagement-related client costs}$. PITON-Global's advisory fee is provider-paid and appears at \$0 in the client cost base; neutrality safeguards are documented at piton-global.com.

Market context draws on IBPAP reporting and PITON-Global's proprietary provider mapping (1,000+ operations; coding accuracy and audit performance re-verified May 2026). Estimates and projections are PITON-Global analysis and should be cited as such. The full series is available at piton-global.com.



Would your provider's chart price survive an accuracy re-audit?

Thirty minutes with John will tell you. Free to buyers, strictly vendor-neutral — an accuracy-verified shortlist within two to three business days.

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