Introduction to the Revenue Problem

What if your organization's biggest revenue problem had nothing to do with payer contracts? Think about that for a moment. Because in healthcare, we spend enormous amounts of time obsessing over payer negotiations, denials, collections, reimbursement schedules, staffing ratios, labor costs, and operational efficiency.

Entire leadership meetings are devoted to squeezing another one or two percent out of contracts. But what if the revenue problem starts long before the claim is ever submitted?

What if biggest leak in your organization is happening quietly, invisibly, every single day, inside the clinic? Today we're uncovering the million dollar problem nobody is talking about.

Physician undercoating. Welcome to Medical Money Matters, the podcast where you can find experts, answers, and resources so that you achieve mastery over the financial and business aspects of your practice.

Hello everyone, I'm your host Jill Arena. I began my career in accounting and finance and I have more than 30 years of experience running medical groups.

In 2020, I co-founded the Physician Leadership Project, and in 2025 I released Physicians Edge, the first of its kind, CME-accredited online business education for physicians.

My passion is to increase financial and business literacy for Physicians. Episode 183, The Million Dollar Problem No One's Talking About, Physican Undercoding.

What if your organization's biggest revenue problem had nothing to do with payer contracts? Think about that for a moment.

What Physician Undercoding Means

Because in healthcare, we spend enormous amounts of time obsessing over payer negotiations, denials, collections, reimbursement schedules, staffing ratios, labor costs, and operational efficiency.

Entire leadership meetings are devoted to squeezing another one or two percent out of contracts. But what if the revenue problem starts long before the claim is ever submitted?

What if biggest leak in your organization is happening quietly, invisibly, every single day, inside the clinic? Today we're uncovering the million dollar problem nobody is talking about.

Physician undercoating. And before anyone gets uncomfortable, let me be very clear right up front. This is not about gaming the coding system. this is about maximizing codes irresponsibly.

In fact, it's exactly the opposite. It's about documenting complexity appropriately. It is about understanding how fear, culture, bad training, and broken systems are quietly suppressing legitimate reimbursement across healthcare organizations all over the country.

And honestly, this conversation matters now more than ever. Margins are shrinking. Labor costs continue to rise. Physicians are exhausted. Staffing shortages are everywhere.

Independent practices are under pressure. Hospitals and medical groups are trying to survive financially in an environment that feels increasingly difficult every year.

And in response to all of that pressure, many organizations assume the answer is simply more volume. See more

patients, work longer hours, double book schedules, push harder.

But sometimes the answers isn't more volumes. Sometimes the answered is recognizing the value of the work that is already happening every single day. Because here's the truth, you cannot collect revenue that you never bill.

And most organizations have spent years focusing externally on payers, reimbursement rates, denials, while ignoring a massive internal blind spot, coding distribution patterns.

What physicians and clinicians actually bill, how consistently they bill whether documentation reflects true complexity, whether fear is suppressing legitimate reimbursements.

These conversations are uncomfortable because physicians are deeply conditioned to avoid looking greedy. Many are terrified of audits. Others were trained during residency to always play it safe.

Some simply never learned coding well in the first place. And unfortunately, those habits compound over time.

Financial Impact of Missed Coding

What starts as defensive coding slowly becomes organizational culture. Then it becomes normalized. And eventually, accurate coding starts looking abnormal.

That's the environment many physicians are operating in today. The financial impact is staggering. Let's walk through some very simple math. Imagine one physician undercoding just two visits per day by one level.

Two visits. Maybe a visit should have been a 99214, but gets billed as a 99213 instead. The reimbursement difference might be $25, sometimes $40, and sometimes 60, depending on pay or mix.

Now multiply that by roughly 220 clinic days per year. Suddenly, one physician may be leaving $30,000, $50, 000, even $80, 00 on the table annually. one physician.

Now multiply that across an organization. Five providers? You could easily be looking at a quarter million dollars in missed revenue. Ten providers, half a million or more.

Twenty-five providers. You may very well be talking about a $1 million operational problem hiding in plain sight. And remember, this is not hypothetical fantasy math.

This is work that's already being performed. Patients are already being managed. Complexity is already been addressed. Medical decision-making is occurring.

The organization simply isn't capturing it accurately. That distinction matters because this conversation tends to trigger anxiety very quickly. People hear higher coding and immediately think fraud risk.

That's not what we're finding. We're talking about appropriate coding supported by legitimate documentation that reflects real clinical complexity. Nothing more, nothing less.

And one of the biggest problems with our rampant under-coding is that it distorts far more than revenue. Most people don't realize how deeply coding affects organizational decision-making.

Coding impacts RVUs, compensation, benchmarking, staffing models, provider productivity metrics, contract negotiations, recruitment, operational planning.

When physicians consistently undercode, the data becomes inaccurate. The physician appears less productive than they truly are. Their patients appear less complex.

The workload appears lighter. There value to the organization becomes artificially diminished. Leadership teams

may unknowingly make major operational decisions based on distorted information.

And here's the crazy part. Many physicians performing highly complex care are billing as though they are managing straightforward problems. We see this all the time.

Multiple chronic conditions, medication management, data review, coordination of care, moderate or high-risk decision-making. That complexity exists whether it gets documented properly or not.

A physician may absolutely be doing level 4 work while billing level 3 visits all day long.

How Undercoding Distorts Data and Culture

And when that pattern becomes widespread, entire benchmarks become skewed. National averages aren't reflective of true complexity anymore. Imagine two practices in the same specialty with similar patient populations.

One practice has a healthy distribution of 99214s because physicians document accurately and code confidently. The second practice builds overwhelmingly 213s, because everyone was trained to play it safe.

On paper, the second practice suddenly looks less complex, less productive, and less efficient. But clinically, these patients may be nearly identical.

That's how dangerous distorted coding data can become. And unfortunately, fear is often driving these behaviors. Physicians will say things like, I don't want an audit.

I do not want to look greedy. I'd rather underbill than get into trouble. I'm probably safer just down-coding. But here's something important we need to acknowledge.

Most physicians were never taught coding properly in the first place. Medical school teaches medicine. Residency teaches clinical survival. Neither teaches business, finance, reimbursement strategy, or operational leadership.

Yet physicians graduate and suddenly find themselves responsible for managing multi-million dollar enterprises. They are expected to understand coding systems, payer behavior, compliance, staffing economics, compensation structures, and revenue cycle management, often with almost no formal education in any of it.

So physicians create habits based on fear and incomplete understanding. And then those habits get passed down. Senior physicians teach younger physicians to, quote, be careful.

Residents absorb defensive coding culture. Everyone starts normalizing undercoding behavior. Over time, the average shifts downward. Then something very strange happens.

Appropriate coding begins looking aggressive simply because the averages themselves have become distorted, and this creates a dangerous self-reinforcing loop.

Physicians undercode. The averages shift lower. Accurate coders appear abnormal. Fear increases. More physicians under code. And around and around it goes.

This is one reason why peer comparison letters from large organizations can become problematic. A physician may receive a vague warning saying something like, you code higher than your peers.

You may be at compliance risk. Your distributions are outside the norm. But what if the normal norm itself is wrong? What if a benchmark is built on years of systemic undercoding?

Now suddenly physicians who are documenting correctly appear suspicious simply because they are behaving differently from a distorted average. That creates a chilling effect across organizations.

Fear suppresses legitimate reimbursement, and the consequences extend far beyond money, because undercoding doesn't just hurt organizational revenue. It hurts physicians emotionally.

It contributes to burnout. That creates compensation inequity. Increases frustration. Leaves physicians feeling exhausted, overworked, undervalued, and financially squeezed despite delivering extremely complex care.

And many physicians internalize that stress personally. They think, maybe I'm not productive enough.

Why Physicians Undercode

Maybe I am inefficient. when in reality the data itself may be incomplete. And most of the time, we find the issue is not over-coding at all. Frequently, the visit is simply under-documented.

That is an incredibly important distinction, because under documentation is fixable. Fear is also fixable. Education gaps are fixible. Broken workflows are also fixed.

But only if organizations are willing to address them honestly. Now, here's where this conversation becomes really interesting. You're listening to Medical Money Matters, a weekly podcast brought to you by Healthy Practices, A healthcare consulting and revenue cycle company dedicated to keeping our clients independent.

If you're looking for more ways to strengthen your business skills, check out Physicians Edge, the first of its kind CME accredited online business education for physicians.

It's a mini MBA online course designed to help you master the financial side of your practice. You can find that and more about how we support practices like yours at healtheps.com.

That's www.healtheps dot com. And don't forget to follow or subscribe so you never miss a new episode. Because once organizations recognize the problem, the next question becomes, what actually works?

And honestly, traditional coding education often fails badly. Many physicians have sat through painfully dry compliance lectures that feel disconnected from real-world medicine.

They're filled with jargon, rules, warnings, fear-based messaging, and often they leave physicians feeling even more anxious than before. That approach rarely changes behavior.

What actually works is physician-to-physician education. Practical conversations, real charts, Real examples, and real clinical context. Physicians respond differently when another physician says, I understand your workflow.

I Understand your time pressure. Let me show you how to capture the complexity that's already there. That changes the dynamic entirely, because coding is not just technical, it's psychological too.

If physicians feel judged, they shut down. if they feel shamed, the disengage. But if the feel supported, educated, and understood, behavior starts changing surprisingly quickly.

And effective education is rarely generic. One-size-fits-all training doesn't work very well. Specialty-specific examples matter. An internist thinks differently than an orthopedist.

A cardiologist documents differently then a psychiatrist.

Better Coding Education and Feedback

Real education uses actual clinical scenarios physicians recognize immediately. It also simplifies documentation. Because let's be honest, physicians are overwhelmed already.

Nobody wants another 40-page compliance manual. They want clear examples, practical shortcuts, efficient

workflows, useful templates, simple language, and fast implementation.

And perhaps most importantly, they want reassurance that accurate coding is not unethical, because many physicians carry tremendous emotional discomfort around money.

There's almost a cultural expectation in medicine that physicians should sacrifice endlessly without discussing financial sustainability, but as we've said throughout this podcast, healthy organizations require healthy finances.

practices cannot retain staff, invest in technology, improve operations, or expand patient services if revenue is quietly leaking away every day. Financial stewardship matters, and organizations with healthy coding cultures tend to understand this at a deeper level.

They treat coding distributions as operational intelligence. They monitor patterns consistently. they create supportive feedback loops.they align clinical teams and revenue cycle teams instead of positioning them against one another.

And importantly, they remove shame from the process. Because unfortunately, many organizations still have broken coding feedback systems. Here's what often happens.

When a chart note doesn't substantiate the code that was billed, the coder tells the physician that he overcoded his visit. He hears, your work wasn't that valuable, you didn't do that much for the patient, You're greedy and you're breaking the rules and doing it wrong.

Imagine having someone say that to you about your work. How demoralizing. He may not be polite at this point. The coder may then be hesitant to give him feedback in the future, instead quietly down-coding his physician visits in future in name of keeping him compliant.

No meaningful discussion occurs. The physician never learns why. Revenue goes out the door. Frustration builds silently. Over time, physicians lose confidence entirely.

That's not education, that's suppression. Healthy systems look very different. Health systems encourage dialogue, coaching, transparency, collaboration.

The goal becomes accuracy, not maximal coding and not defensive under-coding, just accuracy. And we also need to talk honestly about audit fear, because compliance absolutely matters.

Compliance is table stakes in this game. Audit fraud prevention also matters. Documentation quality matters, audit preparedness matters—no responsible person is arguing otherwise.

But there is also a tremendous amount of mythology surrounding audits in health care. Many physicians imagine auditors appearing instantly the moment they bill higher complexity visits.

That's simply not reality. Well-documented, medically appropriate coding is always defensible. In fact, poor documentation is often a bigger risk than appropriately coding complexity itself.

Education reduces risk. Clarity reduces risks. Consistency reduces the risk Fear-driven undercoding is not a sustainable compliance strategy.

Compliance, Accuracy, and Practice Health

And honestly, many organizations are finally beginning to understand that. They're recognizing that coding is not merely a billing department issue. It's a leadership issue, a culture issue a physician education issue A strategic operations issue because when physicians document accurately and code confidently, the benefits ripple outward.

practices become financially healthier, teams become more stable, investment capacity improves, operational

stress decreases, and ultimately, patient care benefits too.

This is the part many people miss. Healthy practices create healthier communities. Financially stable organizations can hire better staff, reduce turnover, invest in patient experience, improve systems, expand services, support physician well-being.

and physicians who feel appropriately valued are far more likely to remain engaged, energized, and sustainable over the long term. That matters enormously right now, especially as healthcare continues facing burnout, consolidation pressures, workforce shortages, operational strain.

We cannot afford to continue normalizing systems that suppress legitimate physician value. And again, this conversation is not about greed. It's about accuracy.

Its about recognizing the true complexity of modern medical care. its about making sure physicians receive appropriate credit for the work they are already doing every single day.

because every missed code represents something real. Work already performed, complexity already managed, risk already addressed, value already delivered to patients.

And when organizations fail to capture that accurately, everyone loses. So as you leave today's episode, I want you to think about a few questions. Are your coding patterns truly accurate?

Or are your physicians leaving money on the table? Are physicians in your organization coding from confidence or from fear? What operational blind spots or distortions might exist inside your current data?

what conversations are not happening because everyone feels uncomfortable discussing coding openly? And perhaps most importantly, what would happen if your organizations treated coding education as physician support instead of compliance surveillance?

Because replacing fear with clarity can transform more than revenue. It can Transform Culture. Thank you so much for joining me for this episode of Medical Money Matters.

If this conversation resonated with you, share it with a physician leader, administrator, or colleague who needs to hear it. And if you're ready to tackle this, reach out to us about our Code Mastery program.

Closing Thoughts and Code Mastery

Until next time. Before we wrap up, if today's conversation sparked any questions about whether you're truly capturing all of the revenue you've earned, I want to point you to something we've built specifically for that.

At Healthy Practices, our Code Mastery program is designed to help physicians and medical groups close the gap between the carry they deliver and the Revenue they actually collect.

Because in many cases, it's not about working harder. It's about documenting, coding, and communicating your clinical work in a way that fully reflects its value.

This physician-to-physician training program is delivered via Zoom in four one-hour trainings throughout the year to simplify coding improve accuracy and uncover missed revenue opportunities that are often hiding in plain sight.

So if you're ready to better understand your numbers and take control of your revenue, I'd encourage you to learn more about code mastery. You can visit us at Healthy Practices or check the link in the show notes to get started.