



Department of Defense DIRECTIVE

NUMBER 6040.41

April 13, 2004

ASD(HA)

SUBJECT: Medical Records Retention and Coding at Military Treatment Facilities

References: (a) Assistant Secretary of Defense (Health Affairs) Memorandum, "Custody and Control of Outpatient Medical Records," January 31, 2000 (hereby canceled)
(b) [DoD Instruction 6040.40](#), "Military Health System Data Quality Management Control Procedures," November 26, 2002

1. PURPOSE

This Directive:

1.1. Establishes policy and assigns responsibilities for the administration of medical records retention and encounter coding.

1.2. Cancels reference (a).

1.3. Provides medical records retention and coding reporting in accordance with reference (b).

1.4. Provides guidance for medical records retention and encounter coding at Military Treatment Facilities (MTFs).

2. APPLICABILITY AND SCOPE

This Directive applies to:

2.1. The Office of the Secretary of Defense, the Military Departments, Chairman of the Joint Chiefs of Staff, the Combatant Commands, the Office of the Inspector

General of the Department of Defense, the Defense Agencies, the DoD Field Activities, and all other organizational entities in the Department of Defense (hereafter referred to collectively as "the DoD Components").

2.2. The Coast Guard, under agreement with the Department of Homeland Security, when it is not operating as a Military Service under the Department of the Navy; and the Commissioned Corps of the United States Public Health Service (USPHS) and of the National Oceanic and Atmospheric Administration (NOAA), under agreements with the Department of Health and Human Services (hereafter referred to collectively as "Other Uniformed Services"). The term "Military Services," as used herein, refers to the Army, the Navy, the Air Force, the Marine Corps and the Coast Guard; and their respective National Guard and Reserve components. The term "Uniformed Services" refers to the Army, the Navy, the Air Force, the Marine Corps, the Coast Guard, the Commissioned Corps of the USPHS, and the Commissioned Corps of the NOAA.

3. POLICY

It is DoD policy that MTFs have effective processes in place to ensure an adequate medical records retention program and an effective outpatient and inpatient encounter documentation and coding operation in place.

4. RESPONSIBILITIES

4.1. The Assistant Secretary of Defense (Health Affairs), under the authority, direction, and control of the Under Secretary of Defense for Personnel and Readiness, shall:

4.1.1. Implement policy and prescribe procedures for medical encounter and coding at MTFs.

4.1.2. Monitor compliance with this Directive.

4.1.3. Modify or supplement this Directive, as needed.

4.2. The Secretaries of the Military Departments shall:

4.2.1. Ensure compliance with this Directive within their respective Military Departments.

4.2.2. Ensure their respective Surgeons General, as their designees for medical affairs, comply with this Directive:

4.2.2.1. Forward deficiencies and findings promptly to the Director, TRICARE Management Activity, as directed in follow-on guidance.

4.2.2.2. Monitor medical records documentation and coding operations.

4.2.2.3. Establish policies and procedures for the control and retention of medical records.

4.2.2.4. Effectiveness in meeting coding accuracy standards should be considered in military and civilian performance reports.

4.2.3. Ensure the Commanders of MTFs within their respective Military Departments shall:

4.2.3.1. Establish and maintain a medical records control process, which shall include procedures to achieve a 95 percent availability of all medical records while striving for 100 percent availability.

4.2.3.2. Ensure an outpatient and inpatient coding compliance plan is available at their MTF.

4.2.3.3. Incorporate external auditors as part of their compliance plan.

4.2.3.4. Provide in-house auditors, trainers, and coders and ensure they have appropriate resources.

4.2.3.5. Provide certified coders with substantial experience to serve as advisors and mentors to coding instructors and auditors.

4.3. In accordance with legal and medical coding practices, use the following coding standards:

4.3.1. 100 percent of outpatient encounters, other than Ambulatory Procedure Visits (APV) should be coded within 3 business days of the encounter.

4.3.2. 100 percent of APVs should be coded within 15 days of the encounter.

4.3.3. 100 percent of inpatient records should be coded within 30 days after discharge.

4.3.4. Ultimately 100 percent medical records accuracy in each coding area -- initially 95 percent in FY2004; 97 percent in FY2005; and 100 percent in FY2006. Coding areas are ICD-9-CM (International Classification of Diseases Revision (ICD)-9th Revision-Clinical Modification) diagnosis/factors influencing health/external causes of injury/morphology, ICD-9-CM procedures, CPT E&M (Current Procedural Terminology (CPT) Evaluation and Management), CPT procedures and HCPCS (Health Care Common Procedure Coding System).

5. EFFECTIVE DATE

This Directive is effective immediately.



Paul Wolfowitz
Deputy Secretary of Defense