

Medical Coding - Market Share Analysis, Industry Trends & Statistics, Growth Forecasts (2024 - 2029)

<https://marketpublishers.com/r/M644FBB4A708EN.html>

Date: July 2024

Pages: 109

Price: US\$ 4,750.00 (Single User License)

ID: M644FBB4A708EN

Abstracts

The Medical Coding Market size is estimated at USD 22.69 billion in 2024, and is expected to reach USD 35.63 billion by 2029, growing at a CAGR of 9.45% during the forecast period (2024-2029).

The factors responsible for the growth of the market include the escalating demand for coding services, the rising need for a universal language to reduce frauds and misinterpretations associated with insurance claims, and the high demand for streamlining hospital billing procedures.

The demand for coding services is significantly increasing owing to the rise in medical admissions. For instance, as per the American Hospital Association's (AHA) Hospital Statistics 2024, there have been around 34 million admissions in all the hospitals in the United States so far in 2024. The high number of hospital admissions raises the demand for skilled medical billers and coders to manage medical billings, which is anticipated to catalyze the growth of the medical coding market over the forecast period.

There's a growing inclination within the medical coding market to transition toward a more efficient and user-friendly coding and billing solution that offers streamlined processes and enhanced convenience. This, in turn, is increasing the demand for skilled medical coders professionals in the market. For instance, according to a report published by the Association of American Medical Colleges in February 2024, the demand for medical coders is high. It continues to rise due to the historic shift in age demographics in the United States. This growth of the older population poses healthcare challenges, including an anticipated shortage of 105,000 physicians by 2030. Additionally, according to the Bureau of Labor Statistics (BLS), in September 2023, the BLS projected an 8% increase in medical records and health information technician

positions, including medical billers and coders, between 2022 and 2032. Thus, the rising demand for medical coders underscores the imperative for an efficient, user-friendly coding and billing solution to address healthcare challenges effectively.

Medical coding facilitates standardized documentation across healthcare facilities, enabling administrators to analyze the frequency and efficacy of treatments within their organization. This capability is especially crucial for large-scale medical institutions such as tertiary-care hospitals.

Advancements in coding software are expected to help clinicians effectively manage the large amount of data across healthcare facilities. For instance, in July 2023, Amazon Web Services Inc. (AWS) launched AWS HealthScribe. This new HIPAA-eligible service empowers healthcare software providers to build clinical applications that use speech recognition and generative artificial intelligence (AI) to save clinicians time by generating clinical documentation. Thus, the introduction of advanced clinical documentation technology leveraging speech recognition and generative AI is poised to drive significant expansion in the medical coding market over the forecast period.

Major players in the market are introducing new products to cater to the rising demand for medical coding, which is further expected to propel the market growth. For instance, in December 2023, the new PULSE technology, a landmark and transformative SaaS product, was launched by CorroHealth for the healthcare industry, advancing and forever changing how hospitals and clinics code and recover revenue. PULSE is an innovative medical coding automation platform designed to streamline and expedite the coding process. This automated solution significantly boosts productivity in fee-for-service and value-based care scenarios, providing substantial benefits to healthcare organizations.

There has been a high demand for investments in medical billing and coding software programs that can lead to long-term financial benefits and a positive return on investment (ROI) to its major investors. For instance, in March 2023, CodaMetrix, an AI-powered platform for healthcare revenue cycle management, secured USD 55 million in Series A funding led by SignalFire. The company utilizes machine learning, natural language processing, and deep learning to analyze electronic health records for autonomous medical coding.

Thus, the escalating demand for coding services and the high demand for streamlining hospital billing procedures are expected to propel the market's growth. However, continuously changing regulations, data security concerns, and the need for adequately

equipped information technology (IT) professionals in the healthcare sector are expected to hinder the market's growth.

Medical Coding Market Trends

The International Classification of Diseases (ICD) is expected to witness significant growth in the overall medical coding market

International Classification of Diseases (ICD) offers a common language that allows health professionals to share standardized information worldwide. ICD is a diagnostic tool for epidemiology, health management, and clinical purposes; WHO maintains it.

The ICD segment is expected to hold a significant share during the forecast period owing to the wide spread of chronic and infectious diseases worldwide and the growing need for ICDs for their effective management.

ICD is a foundation for identifying health trends and statistics worldwide, containing around 17,000 unique codes for injuries and diseases, underpinned by more than 120,000 codable terms. More than 1.6 million clinical situations can be coded using code combinations. International Classification of Diseases (ICD) Codes for cardiovascular diseases are ICD-9, ICD-9-CM, ICD-10, and ICD-10-CM.

Cardiovascular diseases, notably coronary heart diseases, are a major global health challenge expected to have a positive impact on segmental growth. For instance, according to the Centers for Disease Control and Prevention, in May 2023, about 5% of adults aged 20 and above had coronary artery disease. Additionally, in the United States, a heart attack occurs every 40 seconds, with 805,000 cases annually, with 605,000 of them being first occurrences. Medical coding services are crucial for accurately documenting and treating these cases, contributing to efficient healthcare processes and the growth of the medical coding market over the forecast period.

There has also been a rise in the burden of cancer, leading to hospitalization and demand for novel therapies, which is expected to propel the demand for medical coding software and solutions. For instance, according to a report published by the Cancer Journal for Clinicians in January 2024, about 2 million new cancer cases are projected to occur in the United States in 2024. Additionally, according to the report by Red Española de Registros de Cáncer in January 2023, about 279,260 new cancer cases were reported in Spain in 2023. Thus, the high number of cancer cases underscores the imperative for precise and comprehensive medical coding solutions to support effective

disease management, contributing to the burgeoning demand in the medical coding market.

With the improved versions of ICD, its usage is expected to rise over the forecast period as the newer versions provide more information about the diseases than the previous ones. For instance, as per a February 2022 update by WHO, the new version of ICD, ICD-11, was entirely digital with a new user-friendly format and multilingual capabilities that reduce the chance of error. It was compiled and updated with input from over 90 countries and unprecedented involvement of healthcare providers, enabling evolution from a system imposed on clinicians into a helpful clinical classification and terminology database that serves a broad range of uses for recording and reporting statistics on health.

Hence, the segment is expected to record significant growth over the forecast period due to factors such as the increasing prevalence of chronic diseases such as cancer and heart diseases and advancements in the ICD version.

North America is Expected to Hold a Significant Share of the Market Over the Forecast Period

The medical coding market in North America is estimated to hold a significant share during the forecast period, owing to technological advancements and improved healthcare infrastructure in various countries in this region. In addition, the rising demand for coding services and the increasing need for streamlining hospital billing procedures due to the growing number of chronic diseases are expected to boost the market's growth. The growing adoption of strategic initiatives by the market players in the region is also expected to propel market growth.

The escalating burden of chronic diseases is poised to expand the medical coding market as healthcare providers seek more sophisticated and streamlined solutions to accurately document and manage complex patient information. For instance, according to a report published by the American Cancer Society in January 2024, an estimated 2 million new cases of lung cancer are expected to be diagnosed in the United States in 2024, compared to 1.9 million cases in 2023. The rising burden of cancer is resulting in higher hospitalization rates, which is expected to raise the demand for medical coding services over the forecast period.

Major players in the market are focusing on introducing new technologies and products, which is expected to drive the market's growth. In November 2023, AAPC acquired Semantic Health, an artificial intelligence (AI) startup. Under this acquisition, the two teams plan to expand Semantic Health's functionality and bolster AAPC's product offerings. Also, AAPC plans to continue supporting Semantic Health's existing customers while growing the platform. Similarly, in July 2023, Intelligent Medical Objects launched three new products named IMO Precision Normalize with NLP, IMO Precision Sets, and IMO Discovery for Problems.

Owing to the abovementioned factors, like technological advancements and improved healthcare infrastructure, the North American medical coding market is expected to witness significant growth over the forecast period.

Medical Coding Industry Overview

The medical coding market is moderately competitive due to the presence of many local and international providers offering a wide array of services. All the players are adopting various growth strategies to enhance their market presence. Companies are strategically leveraging the development of highly efficient technologies, including integrating artificial intelligence into medical coding systems, to improve the operational capabilities of hospitals, ambulatory centers, and diagnostic units. Some of the key players in the market include 3M, Nuance Communications Inc., Oracle Corporation, The Coding Network, and Optum Inc.

Additional Benefits:

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