

Practice Partner[®] Forum

The Dollars and Sense of Electronic Medical Records: The bottom line case for an EMR.

Making the transition to an electronic medical record (EMR) is a major undertaking for any clinic. It involves an expenditure of both human and financial capital, and also requires a fundamental change in the way that a clinic conducts itself. This raises a very simple but profoundly important question: does it make sense from a business perspective?

There is strong evidence to suggest that making the transition to an EMR is one of the most intelligent business decisions that a practice can make. The basis of our argument is derived primarily from the experience of Physician Micro Systems' customers who use Practice Partner[®] Patient Records. Determining whether an electronic medical record makes sense in a medical office is not strictly a numbers game. It is a function not only of finance, but also of the quality of services provided and the effect it will have on the clinical and administrative staff.

We will look at four specific categories within a medical office where an EMR can make a significant difference, and within each category we will provide concrete examples of benefits realized by clinics across the country. Each example has either top line (=increased revenue) or bottom line (=increased profitability) implications for the clinic. Keep in mind that the EMR is a tool with a broad set of features and capabilities that are optimized when the clinic is able to fully transition to the electronic chart (as opposed to running dual paper and electronic systems).

The categories are as follows:

- Cost Reduction
- Revenue Enhancement
- Improved Administrative Efficiency
- Improved Clinical Efficiency, Patient Care, and Service

COST REDUCTION

The definition of cost reduction is simple: you spend less on these items after the deployment of an electronic medical record than you did before. The extent of the savings is variable, according to the size, geography, and practice patterns of individual clinics. The extent of these savings is also dependent on how an individual site deploys the EMR; research has shown that sites that pursue a paperless implementation will generally be more cost efficient. The following are ways in which clinics lower their costs after implementing an EMR.

Reduced transcription costs. Clinics that eliminate transcription by having physicians enter all data directly into the electronic medical record can save a significant amount of money. Transcription costs range from \$300 to \$1000 per month per physician. However, it is not necessary to force all physicians to give up transcription in the post-EMR era to lower transcription costs. Particularly for clinics that use in-house transcription services, an EMR can have a significant impact on transcription efficiency. The reason: an EMR provides instant access to all charts. Therefore, transcriptionists spend more time transcribing and less time searching for, assembling, reassembling, and filing charts.

Example: The transcription costs for a Practice Partner customer prior to implementation of the EMR was 151 hours a week for 6.2 providers, with a turnaround of 7 days. Post-EMR transcription time fell to 100 hours a week for 8.2 providers, with an average turnaround of one day.

Reduced internal and external copying expenses. Many clinics use copying services to copy records requested by attorneys, insurance companies, and other physicians. An EMR allows you to print the records directly from a networked PC, eliminating the use of an outside service or the time-consuming in-house process of locating, disassembling, copying, reassembling, and refiling the chart. The ease of printing electronic charts translates directly into labor savings and reduced copying costs.

Labor savings. Paper-based charting systems require a high allocation of administrative labor to the retrieval and management of charts. Additionally, paper systems impose labor inefficiencies on the daily operations of clinics because the chart is not universally and instantly accessible to both administrative and clinical staff at the many points during the day that the chart is required. Because the EMR can be accessed from any networked workstation, a fully implemented EMR site will realize labor savings and improved administrative efficiency (as detailed in the Improved Administrative Efficiency section below). These efficiencies translate into redeployment or reduction of staff, which translates into fewer FTEs required to support each provider. Many post-EMR clinics have been able to expand the number of physicians without hiring new administrative staff.

Example: At a Practice Partner Patient Records site in Colorado, overhead in the first year decreased by \$60,000. Total staffing is currently 2.20 FTEs/physician, compared to the Medical Group Management Association average of 4.31 FTEs/physician. This clinic estimates savings of about \$200,000 per year in labor costs when compared to similar clinics.

Malpractice insurance savings. Insurance carriers are beginning to recognize that practices with an EMR offer an improved risk profile based on both quality of care and quality of documentation. Some malpractice insurers are beginning to reduce their premiums for practices utilizing an EMR. These premium reductions typically run around 5%, offering significant annual savings per physician. As an important side note, some carriers will refuse to defend practices in which the chart is not legible.

Lower paper chart and storage expenses. Making the transition to an EMR means reducing the expenditures that are required to support a paper-based system. These costs range from paper supplies and filing systems to dedicated office space required to store paper charts. Particularly for new practices that have not yet invested in the hardware and space for filing charts, the potential savings are considerable. For existing practices, the primary payback is a reduction in supply costs (the cost of chart folders, dividers, and filing cabinets are estimated to average \$3 per chart). In addition, the EMR offers the potential of reclaiming—over time— office space that was once dedicated to filing charts.

Decreased pharmacy costs. The EMR is a powerful medication management tool. For instance, the Practice Partner Patient Records prescription writer automatically notifies clinicians of the recommended medication based on the formulary for patients' insurance carriers—each time a prescription is written. Since many practices are tracked according to their pharmacy costs, this provides a convenient means of adhering to formulary recommendations.

Example: A Practice Partner Patient Records site in Michigan reduced pharmacy costs by 50% (on a per member per month basis) when compared to the average of the risk group in their region. This resulted in a monthly medication expense savings of \$55,000. Another site in Oregon received annual bonus payments of \$40,000 based on their formulary compliance and lowered pharmacy expenses.

REVENUE ENHANCEMENT

An EMR also offers a variety of redundant ways in which a practice can increase revenue. The potential for revenue enhancement involves many factors, including current billing practices, patient population, and the mix of managed care and fee-for-service in the region. Some of the ways in which the EMR affects a practice's top line are as follows:

Health maintenance—A tool to Increase the number of services you offer. Health Maintenance refers to the age- and gender-specific care reminders. An EMR provides built-in tools to help a practice provide these services in a more efficient manner than traditional paper systems. For instance, every time a chart is accessed, Practice Partner Patient Records provides a reminder of overdue health maintenance items in the chart summary section. Some EMR systems allow the practice to search for all patients that are overdue for recommended services, allowing the practice to send reminder letters. In a fee-for-service environment, this offers the potential of ensuring better care for your patients while also increasing the volume of services offered. In a capitated environment, an EMR can help demonstrate quality practices—and therefore help an office qualify for a capitation premium when compared to other practices in the area.

Example: A Practice Partner site utilized the Health Maintenance feature to identify and contact some 600 patients that were overdue for mammograms, resulting in services that generated \$670,000 in additional revenue.

Improved accuracy of coding. Coding levels are correlated not only to the level of services provided during a particular encounter, but also to the completeness of documentation for those services. Services rendered that are not documented may be subject to dispute. In the current environment, many clinicians are conservative about coding because of the additional documentation burden. Industry estimates for the amount of money lost by inaccurate coding range from 3% to 15% of total practice revenue. An EMR assists by making it easier to provide complete documentation for a visit. This is accomplished through the use of templates and clinical macros (detailed blocks of text that can be inserted into a note with a button push), providing the ability to automatically pull information from other portions of the chart into the current note. Additionally, billing clerks are able to quickly match coding against the note since they have access to the chart. Many Practice Partner clinicians report greater confidence in coding after the implementation of an EMR.

Increasing the number of visits per day. Physician productivity is a function of both the quality of care and the quantity of patients seen within a given time period. The benefits of an EMR (see Improved Clinical Efficiency, Patient Care, and Service) for providers can be translated into increasing the number of patients seen per day. Clinicians at several Practice Partner sites report seeing 10% to 15% more patients per day. In fee-for-service practices, this translates into higher practice revenue and higher revenue per individual physician.

IMPROVED ADMINISTRATIVE EFFICIENCY

Effective management of paper charts requires a great deal of clerical effort and administrative management. As a practice makes the transition to electronic records, it is freed from many of the labor-intensive tasks in managing paper charts. Most of the benefits are directly correlated to the degree to which practices are able to make the paper record obsolete (which therefore should become a key criteria in the EMR selection process).

Fewer chart pulls and less filing. A primary attraction of the EMR is the decrease in the chart pulls and filing required to keep charts current. For practices that successfully transition to the EMR, each networked workstation is the chart rack, accessible to anyone with network privileges. In addition, one of the unique features of the EMR is its ability to automatically incorporate outside data into the patient chart without the staff manually having to enter the data. With electronic interfaces from such external sources as laboratories and hospitals, incoming data can be downloaded directly into a patient's chart, eliminating the time-consuming and staff-intensive filing chores that are required with a paper-based system.

Example: At a Practice Partner site prior to the EMR, one full-time staff person filed 600-700 reports received weekly from local hospitals. With the installation of a medical records interface between the practice and the hospital, the process now takes less than 10 minutes since the information is down-

loaded directly.

Universal access to charts (by more than one person at a time) and less searching for lost charts. The paper chart is inherently limited by its physicality; it can only be in one place at one time. Due to the sheer volume of charts that practices deal with, there is the frequent problem of the lost chart—a common source of frustration for even the most efficient paper-based practice. An EMR offers the distinct advantage of being available at any workstation, whether it's at the office, hospital, or home. And since multiple people can view an individual's chart at the same time, the daily work of the practice—whether administrative or clinical — is never inhibited by the fact that someone else has the chart.

Reduction in phone tag. The EMR offers a tremendous improvement in efficiency for the numerous daily phone tasks that require information from the patient chart. Because the EMR offers instant access to charts, both administrative and clinical staff can handle incoming calls on the fly, improving efficiency and customer service.

Improved intra-office communication. An important benefit to some EMR systems is the integration of email messaging as part of the system. This greatly enhances the speed, efficiency, and quality of intra-office communications between staff and providers. Email messaging allows messages to be delivered to and received from any workstation instantly. Practice Partner also allows staff to automatically document any sent or received message directly into the patient's chart.

Fewer call-backs from pharmacies. Practice Partner Patient Records incorporates a prescription writer that prints all prescriptions, ensuring their legibility. The system checks for drug-to-drug interactions prior to printing the prescription. And with fax server technology, prescriptions can be sent directly to pharmacies. These features enhance communication between office and pharmacy.

Easier compliance with chart requests and chart audits. To accommodate the requests for copies of patient charts with paper systems, clinics must pull, disassemble, copy, and reassemble the chart. This time-consuming process can be eliminated with an EMR, since the entire chart can be printed from any networked PC. Complying with chart auditors is simply a matter of sitting them down in front of an available PC, since each workstation is the chart rack. And since an EMR results in better documentation and better organization of the chart, EMR practices typically pass chart audits with flying colors.

IMPROVED CLINICAL EFFICIENCY, PATIENT CARE, AND SERVICE

Many of the EMR benefits realized by the administrative staff flow directly to clinicians, allowing the clinical side of the practice to operate more efficiently. As a result, providers are able to see more patients and leave the office at a reasonable time, while significantly improving the quality of their documentation. Additionally, the EMR provides clinicians with a set of tools—not available with paper-based systems—that directly affect the quality of patient care and service.

Higher quality documentation (legible, organized, complete). An EMR helps standardize chart quality across a practice, minimizing problems that result from poor handwriting or inconsistencies in documentation. Practice Partner Patient Records progress note centric design helps ensure that the entire chart, including problem and medication lists, health maintenance and allergies sections, and all of the primary components of the chart are automatically updated through the process of creating the progress note. This ensures a complete chart regardless of whether the note is created using direct entry, transcription, or voice recognition.

Built-in protocols and reminders (including health maintenance). EMRs can provide clinicians with important information at the time of documentation. Diagnosis-specific templates can help guide and remind providers of special protocols and tests for certain conditions. An EMR also incorporates age, sex, and disease-specific health maintenance reminders that are flagged each time a patient chart is accessed. Practices can proactively evaluate and improve their performance on routine health maintenance by querying the patient database for all patients with overdue items and sending reminder letters.

Improved medication management. The prescription-writing features of the EMR offer tremendous benefits in effectively managing medications. For instance, writing a script utilizing Practice Partner Patient Records initiates the following: drug-to-drug and drug-to-allergy interactions checking, medication list updates, automatic documentation of the Rx in the progress note, and checking of the drug selected against the patient's formulary. An EMR also provides robust query features that can be useful in medication management. For instance, in the event of a drug recall one can quickly query the database to determine which patients are currently on the medication so that they can be notified.

More efficient signing of charts. Paper-based systems require the physical presence of charts for signing. With an EMR, all unsigned components, whether progress notes or lab results, can be signed electronically from any workstation— at the office or at home. This allows fast and efficient review at times and locations that are convenient to the provider. Some EMR systems provide the administrator with reports on all unsigned notes—an excellent tool to help ensure quality across providers.

Patient callbacks and telephone triage. Whether taking patient or patient-related calls on the fly or making scheduled calls, the chart access afforded by the EMR eliminates the need to pull a paper chart for information and allows providers to respond much more efficiently. The instant access to the chart also provides the essential tool for establishing and ensuring high quality telephone triage.

Patient education and involvement. Many Practice Partner customers utilize the EMR as a tool to engage patients more actively in their care. For instance, patients on weight loss, blood pressure, or cholesterol reduction programs respond well to graphical representations of their progress that can be readily created using the EMR. EMR systems also offer access to specialized patient education handouts that can be printed for patients directly from the point of care. Electronic patient education also allows more conditions to be covered with less cost than traditional paper handouts.

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SUMMARY

The electronic medical record is one of the few technologies that has an impact on both the clinical and administrative aspects of the practice. The business case for the EMR is based not only on its ability to lower costs, increase revenue, and improve the efficiency of a practice, but also on its role as a tool to enhance the quality of services provided. Additional benefits can accrue when the system is fully integrated with the scheduling and billing functions of the practice. While the decision to transition to an electronic medical record requires a commitment of significant capital, human resources, and leadership at the physician level, there are very few investments that offer a greater return.

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