Docs dip toes into computerized records
Electronic systems are the future, but high costs slow adoption rate
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IBJ Staff

Ask Cathy Molchan the cost of installing the electronic medical record system in a doctor's office she administers, and she gives a clear, quantified answer: $80,000.

Ask her whether the system saves the practice any money, and her answer is less concrete.

“It can definitely save money because of the time savings,” said Molchan, practice administrator for Dr. Leo Bonaventura, an infertility specialist at Clarian North Medical Center. “You can actually be focused more on what you need to do, which is taking care of patients.”

But doctors don’t get paid more by health insurers when their office staffs are more efficient. And they actually get less money when they take better care of patients. If a doctor cures a patient’s ailment in one office visit instead of two, he receives half as much money.

Health insurers pocket the savings.

The problem of clear costs and uncertain benefits has scared doctors away from computerizing their patient records for years. Ongoing technological backwardness keeps medical costs higher and quality lower, according to numerous studies. But now, factors is causing more doctors to adopt electronic medical record systems, also known as EMRs.

President George W. Bush and all three of the major candidates for president have proposed expanding electronic medical record systems as a way to reduce errors and control U.S. medical expenditures.

Already, health care accounts for nearly twice as much of the economy in the United States as it does in most European countries, and medical expenditures here are growing twice as fast as inflation.

On the rise

Just 29 percent of U.S. office-based physicians use electronic medical records, according to 2006 survey results from the Centers for Disease Control and Prevention. But that total has surged since 2003, when only 17 percent of physicians used electronic medical records.

Indianapolis-area physicians that have recently added such systems say they have done so to improve patient care, to improve billing and payment processes, and to improve their perception among consumers.

Also, doctors are being forced to consider electronic medical record systems in order to participate in the increasing number of performance programs offered by health insurers. These programs try to measure the quality of care physicians provide, and bonuses to the best performers or the biggest improvers.

Some doctors figure an efficient computer system could help them meet insurers’ standards—and win the bonuses insurers offer.
help them negotiate payment contracts with insurers.

“It allows us to go back to big insurance companies like Anthem or Cigna or UnitedHealthcare and say, ‘We’re on an EMR now, we’re efficient.’ And that helps with reimbursement,” said Dr. Thomas Wade, medical director of informatics for Methodist Medical Group. The 75-doctor practice, which is owned by Clarian Health, has been gradually installing electronic medical record systems at its 32 offices since August 2006.

In the Indianapolis area, some of the biggest health insurers are building pay-for-performance programs around Quality Health First, a program spawned by the Employers Forum of Indiana and the Indiana Health Information Exchange.

Quality Health First would use data from insurers as well as self-reported data from doctors to measure quality of care for ailments, such as diabetes. Doctors that show the best patient outcomes or notable improvement in their patients’ health would be eligible for bonuses.

Those payouts could be in the range of $20,000 to $30,000 per doctor per year, according to Marc Overhage, CEO of the Indiana Health Information Exchange, a not-for-profit that allows hospitals and doctors to share patient information when needed.

Those totals factor in potential payment from all the insurers participating in Quality Health First. They include Anthem Blue Cross of Indiana, UnitedHealthcare, MDWise Inc. and even the federal Medicare program.

“I think programs like Quality Health First will encourage physicians over time to move to electronic medical records,” Overhage said.

But Day also thinks most software vendors have a lot of work to do before they can prove the value of their electronic medical record systems to doctors.

Costly conversions

The biggest issue is cost. Electronic medical record systems average $33,000 per doctor to install, according to a study by the Medical Group Management Association. Average maintenance costs run $1,500 per doctor per month.

primary care level, continue to get squeezed by health insurers and government programs.

Nevertheless, there are benefits to electronic medical record systems.

Chris Roberson can attest to that. He oversaw installation of an electronic medical record system at the Indiana Hemophilia & Thrombosis Center.

The practice, which includes six doctors and many therapists, spent $250,000 on a system sold by General Electric Co.

The practice has saved on overtime pay, since its staff can get work done in less time, he said. And it has saved on supplies—folders, printer cartridges, etc.—that used to support its paper chart system.

“While I would have a hard time quantifying it, there are definitely savings,” said Roberson, the center’s pharmacy operations manager. “Reducing office supplies and operational costs—such as fewer fax lines—can save each doctor about $2,000 per year, even larger practices.

Electronic medical record systems also have been shown to improve patient safety by cutting down on medication errors and getting fuller patient histories before prescribing treatments. More and more, electronic record systems can provide pop-up messages to remind them, for example, when a patient is overdue for a test.

“The single biggest benefit is usually patient safety, which can be increased by reducing medical mistakes with drug interactions,” said Roberson.

Day, naturally, thinks his company has an edge on most vendors of medical record systems. Since doctors rent software, they pay less in up-front costs. iSalus’ software costs $7,000 per doctor per year, larger practices.

Still, that’s one more cost at a time when profit margins for doctors, particularly at the primary care level, continue to get squeezed by health insurers and government programs.
monitoring of lab/test results, and reducing errors made when handwriting is unclear,” wrote Mona Reimers, director of reven Orthopaedics NorthEast, an orthopedic practice in Fort Wayne, in an e-mail.

**Savings disparity**

Better patient safety saves money, too. In fact, if the whole U.S. medical system adopted electronic medical records, it could annually, according to a 2005 study by the Center for Information Technology Leadership, a Boston-based research center.

The problem is, doctors see only about 11 percent of those benefits, according to the center’s study.

“Until a market mechanism is created to allow all parties to equitably share in the benefits of [health information technology] scale adoption will not occur,” wrote the center’s chairman, Blackford Middleton, in a 2005 article in the Health Affairs journal.

But Day and local doctors foresee several other factors that will keep driving doctors to adopt electronic medical record systems.

“You can go to McDonald’s and order a fish filet and a salad, and it pops up on the screen, and it says this is what you ordered what you owe. It’s sort of a perception problem when you go to the doctor and they’re still using paper charts,” he said.

Electronic medical records can also help doctors communicate better with patients, said Molchan, the practice manager for B

Because he treats infertility, Bonaventura’s patients must undergo frequent blood tests and report the day on which their menstrual cycles start each month. The medical record system Bonaventura has allows that communication to happen online instead of over the phone or fax machine. That saves time and helps with patient compliance, Molchan said.

Day foresees more doctors—not just fertility specialists—being forced to communicate with patients online. More and more patients have high-deductible health insurance that requires them to pay for all medical care up to a threshold of a few thousand dollars.

“It’s inconceivable that patients are not going to start calling and bugging their doctors about everything,” Day said, listing price information and receipts as examples. He said that kind of communication could happen much more efficiently online—

None of those reasons will create a rush to adopt electronic medical records systems. But Overhage, the head of the Indiana Information Exchange, thinks the medical community will eventually embrace computer systems.

“We’re going to get there,” he said, “but it’s just going to take a lot longer than most people think.” •

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**“It’s sort of a perception problem when you go to the doctor and they’re still using paper charts.”**

**Dr. Thomas Wade, Methodist Medical Group medical director**

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**COMMENTS:** (Posts 1 - 2) out of 2

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<td>The family practice office I recently worked in would send patient messages with medication refill requests to open the message (attached to the patient's EMR), check their meds list, last visit information, prescription righ then and fax it to the pharmacy directly from the computer. No errors in quantity or drug called in by the medical assistant. And no risk that the refill didn't get filed in the patient's chart. Complete, accurate and reportable.</td>
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| Morris Stallings | 5 hours ago. | # 2 | Report as bad |
| Germantown , TN - US | Safety is a diversion from $$$ captured, with EMR. | | |
I like to use the word safe with patients, I don't like to use the word money. One of my notions about not an administrator) is with EMR more of the previously lost charges will be available for billing to the