Implementing an EHR with ROI in Mind

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*T*he factors that play into a physician's decision to implement an electronic health record (EHR) system are many and variable. But whether the primary motivation is improved quality of care, increased revenue, enhanced operational efficiency, or better compliance with reporting requirements, it is essential to plan the implementation in order to maximize the practice's return on investment.

Key words: Electronic health record; EHR; return on investment; electronic medical records.

Any electronic health record (EHR) system worth purchasing will have what may appear to be a considerable price tag. As counterintuitive as it might seem, the price of the system—the "investment" part of return on investment (ROI)—is not the most important part of the equation. The true cost of an EHR system is truly contained in the "return." All ROI calculations should factor in office downtime imposed by a lengthy implementation process. Some vendors warn practices that implementation will take no less than six months—with the accompanying loss of revenue posing grave concerns for physicians. This issue should be discussed in advance of purchase and certainly added as a line item in the assessment.

When it comes to ROI, all EHRs are not created equal. While even the least sophisticated EHR should deliver some improvements in office efficiency, the level of ROI achieved will directly relate to the functional sweep of the software chosen, how well it meets specific needs of the practice, and how thoroughly the practice embraces the system's capabilities. Generally, top-level EHRs offer the highest ROI potential.

Preparing the clinic to achieve the greatest ROI from an EHR system requires that the physician:

• Understands the present costs of delivering care;
• Selects the right system for the needs of the practice;
• Prepares the organization for implementation; and
• Commits to benefit fully from the system.

With the right top-level EHR in place, following these steps will not only position the individual physician for greater ROI, but also will ultimately enable the practice to improve the quality of patient care more quickly than ever before.

UNDERSTAND PRESENT COST

The first step is to understand the present cost of doing business. While a macro view of expenses relative to income in the years before and after implementation is a simple measure of return, it is not a reliable one. The better approach is to understand the true cost of the discrete tasks necessary to run an office and the per-patient revenue generated by the practice.

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A thorough investigation of practice costs and workflows may yield a surprise. Much front-office work is reactive and, as a consequence, is not as efficient as planned work. Before selecting an EHR system, it is imperative to conduct a thorough audit of how work is actually performed in the office. Observe staff members, and perhaps even interview them about their work and how they do it. Look for waste in the form of duplication of effort, misplaced files, misfiled laboratory reports, or even sticky notes that fail to adhere to the chart. Also, take into consideration chart pulls for the telephone calls and faxes that come in to the office, ranging from prescription refills to records requests. Depending on office requirements, this may consume a significant amount of time.

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From an operational efficiency point of view, perhaps the most obvious benefit of EHRs is universal chart access. If the physician sees 100 patients per week, and each chart pull requires four minutes, then the cost is equal to 400 minutes per week, multiplied by the pay scale of the employee handling charts.

Saving the front office staff two minutes on the telephone or four minutes pulling a chart may not seem like an important aspect of the ROI calculation, but counting minutes quickly adds up.

Next, look at external charges related to maintaining paper charts, including the price of billing, transcription, copier use, and square footage or rental space devoted to file storage—even the price of paper should be factored into the assessment of present costs. Once there is a clear picture of the time and material costs of tasks, it will be possible to better gauge the resulting ROI from automating many if not all of them.

Finally, because a number of market factors can dramatically affect overall profitability in a given year, focusing on per-patient revenues will provide an apples-to-apples comparison. By performing a formal ROI evaluation, it will be more feasible to accurately gauge the impact of the EHR system on the practice.

SELECT THE RIGHT SYSTEM

Achieving a paperless office for its own sake is not a reasonable business goal; improving the way your practice operates is.

It is important to understand that most practices operate in an idiosyncratic fashion. After completing the practice audit, it is imperative to ascertain that the systems under consideration will address the specific needs that have been uncovered. While an EHR must help the physician to chart better and faster at the point of care, it should also enable the information that has been charted to flow seamlessly throughout the enterprise.

Many top-level EHRs will enable load-sharing, so that lower-compensated employees can perform tasks that once were handled by others, perhaps even the doctors themselves.

It may be helpful to answer these key questions:
1. Does the office layout require the physician or other providers to leave the exam room in order to communicate with staff?
2. If so, does the system under consideration offer the kind of workflow tools that will allow providers to streamline communication with staff and patients?

Just as clinics are idiosyncratic, so too are physicians when it come to charting styles. Flexible EHRs will adapt to the way an individual practices medicine. Inflexible EHRs force physicians to chart the way the vendor thinks they should. This type of flexibility is exponentially more important in practices with multiple doctors. If other

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providers in the practice refuse to adopt the EHR system, expect any ROI calculation to be negative.

Some doctors, in the laudable effort to chart at the point of care, use dictation or voice-recognition software as a means to document within an EHR. While at first glance this seems efficient, transcription is expensive, and verification of the note is time consuming. To enable real-time charting, consider a system that will generate narratives based upon the clinical elements selected during the exam.

Regardless of individual charting style, a good EHR will not only help to code encounters properly, but also to build a nearly complete bill while the physician is documenting the encounter. In other words, the right EHR system will enable the clinic to bring electronic billing in-house, without investing in specialized coders. Many clinicians find that they save at least the cost of software by moving the billing functions into their own back offices.

If the office does a good deal of referral communication, look for a system that will automate that process. Some EHRs will automatically generate outgoing correspondence and enable incoming correspondence to be delivered electronically into the system.

Controlling the flow of information coming into the office is another important consideration. Top-level EHR systems will offer a bi-directional interface with the laboratory, facilitating the direct delivery of results into the system for review. A few of the better systems will even interface directly with medical devices like electrocardiograms, attaching a digital image to the proper chart at the time of the test or procedure.

Finally, select a system that will grow with the practice and will grow in the direction that medicine is moving: pay-for-performance, guidelines reporting, interoperable data exchange, and the like.

PREPARING THE ORGANIZATION FOR IMPLEMENTATION

Implementing an EHR system constitutes a significant change in the way the entire office operates. Those practices that achieve significant ROI are those that are culturally aligned in their support of the EHR system. Success often begins by including staff members in the operational review and EHR-selection process. This is especially important when considering that high-quality EHRs are often integrated with practice management tools, a change that can have a considerable impact on their work.

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better job. Here, the results of an audit of workflows will be useful for building support. No one likes to be frustrated by unnecessary complexity or redundancy in their work; but in a traditional, paper-chart-based medical office, a great deal of work is repetitive and redundant, and does not add value to the mission of medicine: delivering the most appropriate care with the highest possible degree of quality.

Perhaps the most important factor in ensuring a strong ROI is to keep the "soft costs" associated with training and implementation from leaching away financial gains. Soft costs are as real as hard costs, but are easily obscured in the sales process. Too much training, too little training, or an implementation process that is too drawn out or disorganized can delay ROI for an excessively long time.

If an EHR vendor claims that a practice can get by with minimal training and "learn as you go"—run away from it. It is not the right tool, and the vendor is not the right company. One of the keys to implementing for maximum ROI is to benefit from the system fully. Any EHR worth implementing will have a broad functional sweep and will require a commitment to learn. The vendor should be as committed to success as the physicians and staff. A sure-fire way to gauge this commitment is by assessing the quality of the vendor's training process. Trying to master sophisticated EHR software is roughly akin to having being handed a 747 and told to fly it. Unless one undergoes training, the results will be spectacularly poor.

Appropriate training, however, does not mean excessive or unnecessarily disruptive training. An EHR company that is committed to the success of the practice will recognize that it is not feasible to shut down the office for weeks or lower patient load for months at a time in order to learn the software. Furthermore, it is unnecessary to stretch the implementation process out over three, six, or even nine months. An overly protracted implementation period can be nearly as problematic as one that offers insufficient training time.

By selecting an EHR company with a proven and sensible training methodology, a physician mitigates the likelihood of having to spend many thousands of dollars on retraining after implementation.

In the weeks leading up to the implementation, staff members should compile a list of processes that would benefit from streamlining, merging, or otherwise changing. Remind them of all of the problems—lost charts, improperly rejected billing claims, and so on—that will disappear after a period of adjustment. When they understand the benefit to themselves and their patients, all staff members will be eager to have the EHR system in place.

COMMIT TO BENEFIT FULLY FROM THE SYSTEM

The first few weeks after the go-live are critical to ROI. The practice will be undergoing a radical change in the way jobs are performed; at the outset it may seem easier to fall back on the familiar habits. Resist that urge, and if it happens, do not allow it to continue.

Depending upon the functional abilities of the EHR, the benefit to a practice can far exceed replacing filing cabinets with productive workstations. If the practice follows the pattern set by most primary care physicians, undercoding has been occurring by as much as 25% **AQ: 2** of the procedures. Using a good EHR, physicians will not only code for what was actually performed at the point of care, but will also avoid the stress of chart audits.

With the right system, physicians will be able to use the data in the EHRs in a myriad of ways. As physicians become more proficient at using the EHR for clinical documentation, they are likely to expand their use of the system and will begin to use the "bells and whistles" to their advantage—for example, by taking advantage of the EHR system's ability to structure information. Using an EHR system, physicians should be able to automatically generate reminder notices to all patients fitting certain criteria in a matter of just a few clicks. Use the EHRs to keep exam rooms full.

Once adjusted to the right EHR system, physicians and staff say they'd rather quit medicine than return to paper.

NONQUANTIFIABLE BENEFITS

While one can measure certain types of ROI, the benefits of implementing a good EHR system far exceed the monetary rewards. Physicians around the country and in all specialties report an improved quality of life after a successful EHR implementation. Their practices are more profitable, malpractice issues are less of a worry, regulatory compliance is no longer a significant imposition, and their office staff is more content.

There is another remarkable benefit that physicians often experience when they are planning an EHR implementation and calculating the ROI: their evenings and off-hours can once again become occasions for relaxation. This intangible benefit is not calculated in the ROI, but it is one that resonates for individuals as well as their families. ■

Author Query

AQ 1: What do you mean by "This type of flexibility"-the flexible or inflexible EHR?

AQ 2: Can we change "by as much as 25%" to "in as many as 25%"-is that what you mean? Also, do you have a source to cite for this statistic?