

Chapter 2

What you get for your money

What EMR will cost you

Specific numbers date quickly; they depend on inflation rates and the value of the dollar. As the clever Mark Twain said, there are lies, damned lies, and statistics. All figures having to do with cost need to be adjusted for inflation if they are to mean anything. The numbers I'm giving you here are raw data.

At the beginning of 2008, we knew that in inflation-adjusted dollars, physicians had tripled their spending on EMR technology since the 1990s. The AMA expected that figure expected to triple again in six years. The estimates were that the average physician would be spending about \$30,000 on EMR technology, including hardware, networks, and third-party software.

Another report says buying EMR software and getting it running will cost \$15,000 per physician with \$300 to \$500 in monthly maintenance fees. On top of that, phew, the actual costs were said to exceed vendor estimates by twenty-five percent.

Savings per billing

Although the top figure is a significant initial and recurrent cost for small practices, a good EMR system should offset it by reducing transcription, reducing staff time filing and pulling charts, and improved coding and capture of undercharged fees.

Another AMA study said that undercharges owing to improper codes cost physicians \$27 per billing. If you're under billing at \$27 per patient, use your calculator to figure your possible savings.

Just as there is no such thing as a free lunch, there is no such thing as guaranteed results for an EMR system. Physicians who make educated decisions and select a system that's right for their practices can anticipate the high-end savings.

The monthly cost of running an EMR system

How much an EMR system costs depends on the services the vendor offers and frankly how good their software is. Every source seems to give a different number. One 2008 assertion is that one monthly contract fee for an EMR application would cost you anywhere between \$800 to \$1,000 a month.

The lower prices are ordinarily the result of subsidies by healthcare plans, pharmaceutical companies, or local hospitals. Beware, the prices vary for initial configuration, installation, and training. Some vendors include technical and customer support in their contracts. Other vendors require "consultation" fees. Consultation fees, like fees for condominium maintenance, have a disconcerting way of creeping up.

Make sure you know what you're getting with a system and what extra charges you face.

What extra fees a physician can expect to pay

Hardware and networking costs are usually included in a monthly fee for the software application, but you can sometimes lease them on a monthly basis. Technical and customer consultation fees are ordinarily extra.

There are two kinds of costs that you should consider. A hard cost is what you have to pay for the computer and networking hardware plus EMR software. Then there are the soft, hidden costs, of lower productivity of your office or clinic as everybody learns how to use the system. In the first six weeks your production could drop by as much as twenty five percent. Then you have to maintain your system, maybe a couple of grand a year to maintain the software and as much as \$10,000 to update the software and make sure the system is secure. Then you have to spring for the added cost of training new hires and having your staff learn new versions of updated software.

In the end, the smart thing to do when you're shopping around, is to ask yourself what an EMR system will cost you over a three-year period with everything included from hardware, software and installation fees to costs for technical and customer support. You need to understand that some vendors separate the cost of technical support and enhancing software. A system might add a capability of adding photos of a patient to their charts and files, but it's up to you to buy a camera.

Another way of calculating savings

The numbers vary according to who is doing the calculating and the method they use, but one estimate is that you save about five minutes of time documenting a visit with a good electronic chart. The main reason for this savings in time is simple enough: since most of the patients of a given specialty have the same complaints, the physician creates the templates of a structured chart. Another estimate is that the average physician sees about twenty-five patients in a day. So okay, that means you could see maybe seven or more patients each day. In the good old days before managed care, you could make about two hundred bucks for each patient. Now you'll make maybe fifty, but still, get out your calculator: seven times fifty equals \$350. Or look at it another way, say you were able to see an extra six and a half patients a day on the average; that comes out an average of 1,560 patients a year for an additional income of \$78,000.

Saving money through proper coding

One of the main ways money leaks through a physician's office is through under coding. The reasons for under coding are no mystery. Physicians are either afraid of being audited—they are uncertain of the proper code and so code lower—or they don't have the time to accurately document a higher code. A good EMR will give you quick, detailed documentation of the highest permissible codes. Medical Economics magazine estimate that physicians who routinely down-coded one E&M level lost from \$40,000 to \$50,000 a year.

The savings calculated per chart

The savings from maintaining electronic chart is stunning. In December 1997, Medical Economics reported that it cost about eight dollars to create, track, store, and maintain a paper record. You can maintain a electronic chart for a dollar or two per year. How much you save obviously depends on the number of charts you process each year. Since electronic records take up less space, you don't have to lease or buy a larger office or clinic.

Savings on transcription costs

The average physician is said to spend somewhere between \$12,000 to \$25,000 each year on transcription services. If you can cut that by half with electronic records, you'll save \$6,000 to \$12,500 per year—enough to cover the combined cost of hardware and software for many EMR systems.

A minute saved is a minute earned

If you can save twenty thirty minutes a day by not handling paper, you can see an extra patient. That's maybe 240 visits per year. At \$50 a pop, that's a savings of \$12,000. To some people that might be chump change, but twelve K here, twelve thou there, it all adds up. Keep in mind also that when a computer is monitoring the details, seeing that everything is included and on time, the number of rejected claims will plummet.

The savings of correct charges

The ability to electronically capture correct charges is the main source of EMR savings. A good EMR system will have charge alerts to call attention to charges that a physician might have overlooked. EMR should also let the physician know if a particular test might not be reimbursable. The estimates of the loss of the average physician through undercharging is shocking—from \$75,000 to \$100,000 per year.

Computers and hardware that a physician has to buy

If you host physically an EMR system in your office, you have to pay for personal computers for your offices and exam rooms. You'll also have to buy network hardware, and central database servers and possibly communication servers if you have remote offices.

You should have desktop PCs for each doctor, nurse and front desk. You'll need desktop or notebook PCs for each exam room. You'll have to hardwire these into an office server or set up a wireless network. You may need notebook or handheld PCs.

You can avoid large up front costs with a fee-based system delivered over the internet.

Choosing the right operating platforms: the pluses and minuses of Windows

Windows XP did not allow blank passwords as had previous Microsoft operating platforms. It was not possible to access a system remotely, only locally. It was not possible to click "ok" on a logon screen to share files on a network. Approved users had to have their own password and use them. Then Microsoft introduced XP Service Pack Two, that used a built-in firewall, turned on by default, to protect systems from mischievous internet traffic. It sounded good, but users found it also occasionally blocked necessary EMR traffic within a system, everything from lab results to bills.

What Windows Vista did better

From an EMR standpoint, Windows Vista was a better design. Vista allows users to run on a User Account Control (UAC). This standard users mode allows users to perform most functions without the need for passwords. The change means an administrator can perform most functions, but users need to approve potentially dangerous changes. A user or malware can't alter a kernel or registry without approval from an administrator.

If you're running a web-based EMR system you should know that Microsoft applied its Vista logic to Internet Explorer 7. Explorer 7's Protected Mode gives fewer privileges than Vista's standard user mode. A user can only write to the Temporary Internet Files folder. This means that malware can't install programs or change your home page or other configurations in your operating system.

The costs of licenses and support

You'll have to buy EMR software licenses. Vendors typically base their charges on the number of providers in an office or clinic and the number of workstations.

You'll usually have to pay someone to plan your system and train individual users on your staff. You'll have to pay for technical support and updates of your software. These costs are usually based on a percentage of the total sale. You'll have to buy third party software that will let you access outside clinical data bases. Depending on the vendor and the nature of your contract, you'll have to pay for telephone support for problems you might have with your hardware or networks.

The AMA took a sample of 142 contracts. They found that the costs were about one-third each for hardware, software, and support.

You need to remember that the cost of software vary by the vendor and often have nothing to do with how functional they actually are. The best advice here is to find out how many functions you need and match your needs to potential suitors among vendors. What do their systems actually give you and what are the real costs?

EMR functions

A no-frills EMR system should let you scan documents into a file or chart using the patient's name or number. You should be able to dictate, type, or write data into a blank form or by clinical category. The software should let you enter clinical decisions made at the point of care and print prescription or other forms in your office. The system should let you access your EMR with a tablet or handheld computer or cell phones that are appearing on the market that give you internet access.

You should be able to record your patient's medical, family and social history and other traditional chart information that you can share with other practices. Your EMR should track lab orders and give you two-way orders and results from laboratories. The software should let you view your lab results on a flow chart or graph. You will want to review a patient's previous visits, his or her active medications, plus medications that you and other physicians have prescribed. A good system will let you beam prescriptions to pharmacies.

You should look for an EMR system that lets you easily modify the documentation templates according to your preferences or specialty.

How to "test drive" EMR models

Kick metaphorical tires. Sit down at a key board and take an EMR system for a spin to see how easy it is to use and what it can do for you. Some vendors will help you use their EMR for a week or two to see how it works.

There have been numerous complicated surveys done to measure physician satisfaction with the various EMR systems on the market. Some providers love their software. They wouldn't swap it for anything. They certainly wouldn't go back to paper. Other providers are not so sanguine. They wish they had spent more time checking things out.

The best advice is not to fall for a fancy brochure or a salesman flashing more teeth than Tom Cruise. This is a competitive market with many companies offering software. It has not settled into a market where three or four vendors dominate the sales, pushing everybody else out of business.

Ask around. Hit the net and do some research. Best of all, talk to providers who already have a system and visit their office. Besides looking into how user-friendly the EMR is, be sure to find out how easy (or not) it is to make changes to the templates to suit your own needs.

Basic things EMR should do

More than one authorized physician or nurse should be able to view a single screen. The system should let you link with other patient records, while guaranteeing that clinical and audit trails are kept confidential.

Your system should support the needs of your clinical specialty as they evolve.

The vendor should design the software so that it's easy to use. You should have an icon at the point of care to help you easily access images and multimedia data. You should be able to use more than one code or vocabulary and be able to generate text by tapping on an icon.