

# EMRs: Building the Business Case



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**F**UELED IN PART BY INITIATIVES ON BOTH THE NATIONAL front (Bush Administration’s Office for Health Information Technology) and locally (live operation of MedVirginia Solution<sup>SM</sup>, the state’s clinical information exchange), Richmond physicians are becoming increasingly motivated to adopt electronic medical records. Despite compelling strategic imperatives, leadership within a practice may struggle with developing the business case for an EMR. Making a convincing case means careful consideration of both the qualitative and quantitative benefits associated with implementation.

While the entire “benefits portfolio” is important, only quantifiable financial benefits form the basis for calculating return on investment. When forecasting your ROI, each expected benefit should have an accompanying metric and time frame. Financial benefits from an EMR are based almost entirely on operational improvements as outlined below.

## Productivity

With an EMR, information can be acted on immediately. Automated charting, faster pre-encounter chart review and post-encounter documentation lead to significant improvements in physician workflow. Individual office visits are organized more effectively, allowing for more patients to be seen in the same amount of time. This typically begins to occur within six months of EMR adoption. E-referral streamlines communication between providers. Additionally, fractional savings in staff FTEs may be achieved through reductions in clinical messaging, medication renewals, and lab results reporting. This time saved on administrative tasks can be used for other direct patient care purposes.

## Cost Savings

The biggest cost advantage to an EMR is the reduction or elimination of transcription. One family practice in Richmond eliminated its transcription costs immediately after adopting an electronic record—an annual savings of \$110,000. Other expense reduction can occur:

- Eliminate paper chart supplies and copying expenses. *Healthcare Financial Management* journal reports that a typical six-physician primary care office could save up to \$86,000/year by eliminating the supply costs associated with paper charts.
- Reduce clerical personnel. Some physician offices have been able to reduce the size of their clerical staff by 30 percent due to decreased chart pulls, messaging and filing needs.

## Cost Avoidance

Medical practices that transition to an electronic record will eliminate or reduce the long-term storage costs for paper charts while meeting HIPAA standards for security. An EMR

that is integrated to a Practice Management system may eliminate the need to outsource billing functions. E-prescribing reduces multiple requests for the same refill.

## Improved Revenue/Profit Contribution

One aspect of health information technology that presents a very strong business case to physician practices is automated claims capture and electronic transaction systems. Denial rates are typically reduced by up to 50 percent within the first three months; almost every practice that adopts this technology can recoup its investment through improvements in revenue cycle management. Enhanced E&M coding support should yield significant benefits in cash flow and revenue optimization. Templates will standardize processes to eliminate unnecessary or duplicate services, while improved patient tracking supports charge capture.

In addition to these quantifiable benefits, quality of care and service improvements are undoubtedly realized through an EMR. This is due mainly to a physician’s ability to collect and review data, share results and communicate easily. A cost-benefit analysis should also include measures for qualitative improvements. The metrics must be thoroughly defined within each practice, but there is documented evidence nationally that:

- Electronic results delivery reduces duplication and error rates.
- E-prescribing reduces transcription errors and protects the integrity of the prescription.

## Operational Improvements



- The ability to create disease/care management patient profiles is enhanced. The ready availability of data elements in EMRs leads to improvements in continuity of care.
- Health maintenance reminders linked to disease management programs and online patient education materials allow physicians to provide better, more individualized service to patients.
- Practices who have adopted an EMR are showing a high degree of patient satisfaction with their use of the technology.

An ROI calculation should establish expectations for meeting financial goals and will assist in determining the financial feasibility of EMR adoption. Later, we’ll explore workflow improvements after implementation that lead to a more efficient office.

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