Unlocking the Secrets to Benefiting Financially from Your EMR

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There Are 7 Keys to Achieving Long-term Profit

From greater system efficiencies to improved reimbursement to better communication with patients and other providers, implementing a full-featured EMR system can produce many tangible benefits your practice, provided you have a clear understanding of total system costs.

The government continues to push physicians to adopt electronic medical records. But in spite of current stimulus funding, moving to an EMR still represents a large investment of time and money. Many physicians considering an EMR see nothing but new costs and new disruptions to practice flow. Yet, although implementing an EMR is expensive, physician practices of every size have succeeded in realizing a net financial gain from their EMR. What do these practices have in common? A steady commitment to getting the most out of electronic medicine. There are seven keys to achieving long-term profitability with an EMR.

1. Don't shortchange system efficiencies

Many physicians underestimate the potential of an EMR to save paperwork costs and staff expenses. They typically focus on using the system to reduce transcription costs, chart pulls, and record storage expenses. These efficiencies are important, but they represent only a percentage of potential savings.

Practices can save additional staff hours by fully utilizing an EMR's ability to streamline repetitive paperwork. For example, most systems can generate immunization certifications and school physical forms in a fraction of the time it takes to process them manually. Using the EMR to facilitate compliance functions, like claims self-auditing, can lead to additional savings. Physicians can also cut personal administrative time by taking full advantage of the EMR's order entry, clinical messaging, referral coordination, and drug authorization functions.

Don't maintain unnecessary paper-based processes. By reworking office workflows to replace personal hand-offs with electronic transactions, medical practices can capture greater efficiency-related savings.

2. Say yes to practice management functionalities

Many physicians are willing to chart electronically, but they disable other EMR modules that slow them down in the clinic. Coding and billing functionalities are often the first to go; this is a mistake, because an EMR's practice management capabilities are the key to realizing the financial benefits of the system.

Most important are the chart prompts that call for greater specificity in diagnoses and procedures. These prompts can be frustrating at first, but they result in much better documentation. Taking the time to get comfortable with this function can lead to significantly higher charges. It will also reduce the time billing staff must spend re-coding charges.

Physicians can further improve charge capture by using EMR templates. Systems that have complaint-specific diagnoses, procedures, and test orders built into each template make it much less likely that the user will overlook potential charges. Overall, EMR practice management functionalities help staff quickly generate more accurate bills, which leads to lower accounts receivable and better cash flow.

3. Leverage the EMR to improve reimbursement

The long-term goal of the federal government is to tie reimbursement more closely to better clinical outcomes. EMR systems are the key to both facilitating and maximizing these opportunities.

Most quality improvement programs require extensive data reporting. For many physicians, managing clinical measures through an EMR is the only practical way to qualify for program bonuses. Quality programs as a whole are moving toward EMRs. The CMS recently allowed participants in the Physician Quality Reporting Initiative (PQRI; www.cms.gov/pqri) to begin submitting data from qualified EMR systems. Many outcomes-based reimbursement opportunities sponsored by private payers are strongly oriented toward electronic reporting.

An EMR system can also directly support the achievement of quality goals. Flags built into the patient note (for example, prompts tied to HEDIS measures) can assist physicians in providing comprehensive disease management and preventive care services for a variety of patient populations. By learning to work with these functions, physicians can ensure they are taking advantage of all appropriate reimbursement opportunities.

In the near future, electronic reporting will likely be required for participation in most quality reimbursement programs. Taking full advantage of these programs is the key to securing a net gain from an EMR system.

4. Use the system to connect with patients
Surveys show that most patients view EMR technology positively and believe it can enable better medical care. But while adopting EMRs can boost a physician's image, it is more than just a PR opportunity. Capabilities built into many systems can help physicians improve patient satisfaction and loyalty.

After an EMR implementation, patients often notice that registration is streamlined, and many perceive improved continuity between visits. The next step for medical practices is to use the EMR to enhance communication with patients. Most systems can be configured to provide visit summary reports to patients at check-out. Many EMRs also allow the physician to generate customized patient education materials. Both functions improve patient service and can improve overall care quality.

Practices can see even greater gains in patient satisfaction by using the EMR to create advanced "healthcare conveniences." Many EMRs enable e-mail and text message communication with patients and automated e-mail appointment reminders. EMRs will ultimately play a key role in the development of Web portals that patients can use for making appointments, requesting prescription refills, receiving automated secure test results, and managing other medical needs.

5. Link the system with other providers
While many practices succeed in using EMRs to manage data internally, most are hesitant to take the next step—exchanging data with other healthcare organizations. While there are technical obstacles to interoperability, the effort to overcome them is worth it. Data exchange provides opportunities for additional funding, additional efficiencies, and better patient service.

At the basic level, medical practices that use an EMR to transmit prescriptions to pharmacies electronically are currently eligible for a 2% bonus from CMS. Starting in 2012, e-prescribing will be required for avoiding payment reductions.

At a higher level, federal funding is now available to support the formation of regional health information exchanges (HIEs). Physicians who participate in an HIE will eventually be able to exchange data with hospitals, health plans, other practices, and a range of ancillary service providers. These links will increase the value physicians can get out of an EMR. For example, HIEs enable results from hospital imaging departments and independent labs to be transmitted automatically to the EMR system, allowing physicians to provide faster test results with much less staff attention. In addition, specialists who participate in an HIE could see greater referrals from other network providers.

6. Take an active role in clinical integration
The most advanced way to benefit from electronic medicine is to take interoperability one step further. Physicians can reduce EMR expenses and increase practice revenue by participating in a clinical integration program.

The heart of clinical integration is cooperation between a hospital and independent physicians to improve clinical outcomes. Documented quality improvements are used to negotiate better reimbursement with health plans and large employers. EMR underpins the arrangement by facilitating cooperative care efforts, tracking progress, and measuring outcomes.

Recently, a leading hospital system in the Midwest established a clinical integration relationship with community physicians. The system worked with a major health plan to identify several measures for quality improvement. As a result, physicians are now working with hospital leaders to coordinate care around these measures and create best practices. Eventually, clinical practice guidelines will be configured into the physician EMR. The program is structured to benefit all participants. Reductions in redundant testing, fewer adverse drug events, more clearly defined protocols, and other clinical improvements will reduce hospital costs. Physicians will share in the savings through access to better reimbursement—the system negotiated mandatory pay-for-performance standards and also secured contractual bonuses for physicians who meet quality goals.

One of the biggest financial benefits for physicians is that the hospital system is underwriting a significant portion of the expense of the physician EMR. The recent Stark exception allows hospitals to pay up to 85% of the cost of EMR software for physicians. Many hospitals are also offering assistance in the form of EMR training for physicians and staff and general IT support. These services can take a big cut out of practice overhead expenses.

7. Manage EMR costs like an investment

For many physician practices that implement an EMR, the first misstep is failing to adequately calculate the total cost of the system. Capturing the entire cost of an EMR investment is the first step to maximizing returns.

EMR expenses are not limited to one-time software license fees. Total cost of ownership (TCO) also includes software maintenance (a recurring monthly expense), network connectivity (monthly data line fees), server costs (one-time hardware purchase or ongoing hosted server fees), ancillary hardware (scanners, etc), interoperability costs (establishing technical interfaces) and document conversion expenses (typically covering three years of records).

A little bit harder to estimate are implementation costs. Most EMR vendors provide implementation assistance and user training, but many practices invest in additional support. Learning curve losses often represent the largest costs. These can vary by practice, but many physicians experience 6-12 months of lower productivity following rollout.

There are two benefits to capturing TCO. First, identifying costs up front enables you to manage spending more carefully during implementation and forward. It allows you to plan outlays in the most efficient manner and amortize costs due over time. Second, quantifying the investment provides a baseline for strategizing required returns. When you understand how much your EMR system costs, you will have a clearer picture of what you need to do to ensure maximum ROI.

Steady progress wins

The bottom line is that an EMR does not start to pay for itself the first day you boot up the system. Achieving profitability requires determination, steady progress, and the ability to work with others. The good news is that in the process of creating a profitable EMR, you will also be improving patient service, communication, and overall quality of care.

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