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EHR Implementation: Who Benefits, Who Pays?

By Evan Steele

The media is awash with commentary from government and private sector industry chieftains expressing their shock that healthcare has not adopted technology for electronic healthcare records (EHR). It appears incomprehensible that the same technology solutions that make corporate America efficient and productive are not being adopted quickly in healthcare.

While there is a multitude of contributing factors, two significant forces in particular are at work that slow down physician adoption of EHRs: pushback from physicians regarding data entry and the cost of implementation.

Burdens of EHR Data Entry

Most people fail to recognize that the sophisticated computers and systems that power American industries and streamline operations rely upon data entry performed by a workforce of minimum or near-minimum wage earners. These responsibilities fall upon the shoulders of cashiers at McDonalds, the GAP and Wal-Mart or clerks on Wall Street entering client and trade information. Data entry is carried out by the bank teller, the bookkeeper and even the UPS deliverymen and women who hold a wireless unit in their hands at all times.

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One thing is certain: Highly-compensated corporate executives earning as much as $250,000 or more are not taking on the tasks of data entry. So, it stands to reason that physicians, who earn comparable salaries, also would be unlikely candidates. Yet, it seems that everyone expects just the opposite.

It may surprise some people to learn the physicians are directly responsible for generating revenues of $200 to $500 per hour of work, and up to $1,000 per hour in some specialties. Any slowdown of this production rate, even a slight one, results in dramatic losses.

Evidence from exhaustive research concludes that manual data entry of patient exams slows the doctor down by up to 15 percent, equating to an approximate 30 percent decrease in take-home pay for the physician. (Source: 2005 benchmark survey of 3,300 practices conducted by the Medical Group Management Association in collaboration with the University of Minnesota and funded by the U.S. Department of Health and Human Services.)

High-dollar Data Entry

Imagine telling UPS that if they equipped each delivery staffer with a handheld device, it would increase customer satisfaction—but that all the company executives would take a 30 percent salary cut. It's unlikely that UPS would adopt that technology.

This is basically what the marketplace is telling physicians: Adopt an EHR to improve patient care, but the technology will significantly reduce your personal bottom line. It's no wonder that there is such resistance to EHR adoption among physician practices.

The lessons learned from this analogy are obvious. While there is significant ROI to having ubiquitous access to data, including reduced medical errors or drug interactions, it may only come to fruition when it is cheap to input the data. If physicians are to take on these responsibilities at rates approaching $500 an hour, the reality of ever achieving any ROI is questionable.

It's no secret that EHR implementation is pricey. But few people realize just how expensive it really is, especially when physicians factor in the costs for training and lost staff productivity. According to the MGMA survey cited above, the average implementation costs of an EHR are $32,606 per physician; maintenance costs per physician per month are $1,177. Cost overruns above the vendor's initial estimate are 24.8 percent, a metric that would not be tolerated long in other verticals. For small- to mid-size practices, which represent the vast majority of medical practices in the U.S., this is simply unaffordable.

Furthermore, EHR implementation is highly complex and requires massive amounts of training time for physicians and their staff members to get up to speed. Protracted training periods slow down office operations, further taxing the enterprise with hours of lost productivity. It takes one year or longer before practices even begin to see the return on investment, if any.

Physicians Must Decide

As physicians face diminished reimbursements and are forced to cope with rising operating costs, such as exponentially higher malpractice insurance rates, rent, equipment costs and cost-of-living salary adjustments for staff members, they will be hard-pressed to make the investment in an EHR. As their pay stubs shrink, the result of Medicare and health plan cuts combined with escalating overhead, one of their primary reasons for embracing any type of healthcare information technology will be the restoration of their earlier income levels or, at least, the prevention of further income deterioration.

So the question remains: Who exactly is going to pay for 700,000 doctors to adopt EHRs by 2014? That's the target year set by David Brailer, M.D., the former national coordinator for health information technology of the Department of Health and Human Services, as the goal for full adoption. Most likely, that is also the earliest possible year in which anything meaningful could be achieved. Most industry sources are now suggesting that a delay of at least one additional decade may be necessary.

Another interesting perspective emanates from the pay-for-performance (P4P) advocates, whereby payers reward 2 percent more to a doctor who meets P4P goals—as documented by an EHR. Why would doctors producing $500,000 in revenue make this exorbitant investment in an EHR just to realize a 2 percent bonus that nets about $5,000 after taxes?

The entire healthcare community—physicians, practice managers, vendors and involved federal agencies—needs to stop thinking in rigid either/or terms. Many physicians and physician practices want to take advantage of digitized patient records, 24/7 access to data, e-prescribing technology, improved patient satisfaction and increased productivity for staff. But there isn't just one way to get there. Flexible, creative and incremental thinking, focused on both the immediate and longer term needs of each practice as an individual entity, is more apt to resolve this challenge than a government-enforced EHR.

Since Dr. Brailer himself advises that 50 percent of all EHR installations fail, it is totally unreasonable to expect America's physicians to foot the bill.

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