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## More Than a Price Tag

[How to invest in technology to help your practice](#)

by John McCormack

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Are you one of those physicians who looks at your practice's general ledger and then at the price of technology systems — and trembles? We understand. Those price tags can be daunting. But investing in information technology is not as scary as it first appears.

As a matter of fact, the initial reaction is often a case of unwarranted sticker shock. What you need to do is get beyond the price tag and evaluate what a computer system will really do for your office, says Rosemarie Nelson, a Medical Group Management Association consultant based in Syracuse, N.Y.

If you do, you'll find that buying technology — if you do it right — is an investment worth making, not simply another "cost."

"Instead of just looking at the price of information technology, physician practices should start by looking at their objectives," Nelson says. "Physicians should not concentrate on the costs but should instead look at how the technology can help them meet clinical and operational objectives that will lead them to serve their patients more effectively, run their practices more efficiently — and, in the end, save money."



How can you get beyond the initial fright associated with plunking down a large sum of money for technology? First, ask the right questions and determine exactly what the technology can do for your practice. Then, evaluate all available options to find the right hardware and software for your practice, making sure to choose a system that your physicians and other clinicians will use. And finally, after you have gone through this process, then — and only then — zero in on price and start working to get the most for your dollar.

### Defining goals

"You really need to have a firm understanding of what it is that you want to achieve," Nelson says. "Rather than saying, 'We found this computer program and are going to spend X amount of

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dollars,' you need to start by determining exactly what you want to get out of a computer system."

For example, you might identify the need to improve care delivery processes — or simply to improve the quality of life for your clinicians by making it easier to practice medicine. Or you might be looking to cut costs by reducing the administrative burdens associated with running a practice.

Joel Sauer, CEO of The Heart Center Medical Group, a 43-physician cardiology practice in Fort Wayne, Ind., says cost is never the top concern when looking to bring technology into the group.

"Sometimes, there are clinical care reasons prompting us to bring in information technology and those far outweigh any other considerations, including costs," he says. "We will also look at our operations and determine what the ramifications are of putting in a piece of technology, specifically looking to determine if there are return-on-investment opportunities."

Your first questions should include: What would help my doctors and midlevels provide better service to patients? What can be done to give physicians and nurses better information at the point of care?

Then you should look at your own operational costs and consider whether you're spending too much doing things manually, like producing billing statements and pulling charts by hand. And remember: time is money.

Nelson suggests you grab a clipboard, pencil and stopwatch and start timing how long it takes to manually perform many of the tasks that could be streamlined with automation. Take the time and multiply it by the hourly rate of the worker performing the task and you'll quickly see just how expensive it really is to run your practice.

"For example, on average it costs between \$5 and \$12 just to pull a patient chart. That's because most of the charts are not filed away in the cabinet. Instead, they are buried under mounds of paper somewhere in the practice," Nelson points out. "But most practices don't discover these costs and potential savings because no one takes the time to do a time-motion study and figure out exactly how much it costs to get routine, everyday tasks completed."

Taking such an approach could help you discover that you actually need — and can afford — more technology than you originally thought, Nelson says.

## Features and functions first

Price was far down on the list of considerations when Jim Stape, practice manager at Gilbert Center for Family Medicine in Gilbert, Ariz., began searching for an electronic medical records system a few years ago. Stape was primarily concerned with bringing in a system that would help the practice avoid potential legal liabilities while also reducing operational costs.

"The threat of dealing with liability and lawyers has become so huge that at least one physician owner was considering retirement. We wanted to decrease her concerns by adding technology that could help to avoid the liability," Stape says.

As a result, the practice needed to find a system with features and functions that would help to provide and document unquestionable service. And that meant relegating price to the back burner.

"I don't think the way we went about doing this is typical. Honestly, we didn't ask for a price quote until we narrowed our search down to the final three vendors," Stape says.

Sure enough, with an Electronic Medical Records (EMR) system from NextGen Healthcare

Information Systems in place, the practice's clinicians can more thoroughly monitor the standard of care. For example, clinicians can easily access all lab results and, therefore, might be more likely to quickly diagnose specific health problems. In addition, the EMR helps doctors provide proactive care by automatically sending letters to patients reminding them to come in for preventive services, such as mammograms. By utilizing these functions, the practice is reducing the threat of liability, Stape says.

In addition to the potential legal cost avoidance, the practice is also realizing hard-dollar returns on its investment. For example, the practice is now saving about \$15,000 a year annually by eliminating paper chart supplies. Improved administrative processes, such as the decreased need to manually pull charts, have resulted in the elimination of three FTEs, saving the practice about \$90,000 annually. And the decreased need for transcription services saves the group \$60,000 per year.

Just as important as getting the functionality you need, however, is getting a system that your clinicians will use, The Heart Center's Sauer says.

To get full cooperation from clinicians, Sauer advocates taking gradual "baby steps." That's why he decided to implement a document management system before migrating to a full-blown EMR.

"To move all of the clinicians from a paper-based system to an EMR would have been much too difficult," Sauer says.

The approach also has helped the practice avoid bringing in information technology that is not yet ready for prime time.

"The EMR has been around for a long time. But if you look at the list of vendors that were around in 1996 and compare it to the vendors that are around today, you will see that many of them didn't make it," Sauer says. "Even though we didn't really do it by design, waiting to implement an EMR has saved us from a train wreck. We haven't had to go through the painful evolution associated with emerging technologies."

## Price pointers

Don't get us wrong: price does matter. It shouldn't be the first or most important thing you consider. You should never purchase something just because it's less expensive than a competing product, nor shy away from something you need just because you perceive it as too expensive, but at some point, price will and should be considered. And you should make an effort to get the lowest price possible for the technology you want.

Stape, for example, says that once he identified his three final vendors, he "put his boxing gloves on."

Here are a few of the tactics that he put into play to help get the best deal for his practice:

- **Don't let the cat out of the bag.** "Every single vendor wants to know what your budget is. But it's important to never tell them what you are willing to spend. By keeping them guessing about how much you can spend, you are more likely to get the best price," Stape says.
- **Compare apples with apples.** Using a request for proposal (RFP) makes it possible to get beyond the marketing flak and compare systems on a feature-by-feature basis, Stape says. You can find a free RFP form at [www.PhysiciansPractice.com](http://www.PhysiciansPractice.com). Click on the Buyer's Guide tab, pick a product category, and then click the RFP function. Just fill out the form and start getting responses within hours.
- **Make 'em sweat.** Stape let all the contenders know who their competition was — and purposely left one low-priced vendor on the list to encourage the others to bring their final price quotes down. "It made the others sharpen their pencils," Stape says.

## Reducing the risk

Some medical groups haven't gotten beyond the initial fear of "wasting" money on information technology. The Working Group on Health Information Technology (HIT) in Small Medical Practices, however, is.

"The opportunity to make mistakes in purchasing information technology is still too high for many medical groups," says Peter Basch, M.D., leader of the Working Group within the nonprofit eHealth Initiative that's looking to help practices with 10 physicians or fewer meet the information technology buying challenge. "We are looking to lower the barriers and help medical groups move forward with purchases."

The group released its EHR (Electronic Health Record) Master Quotation Guide, a "how-to" for small practices that are soliciting quotations and negotiating contracts with vendors. The guide is organized into a number of sections based upon the elements of an EHR software quote. It contains a glossary of definitions, examples of common terms and "red flags" or areas of concern. There is also a Frequently Asked Questions (FAQs) section that contains brief responses for common questions regarding the specific cost category.

Some examples of the guide sections are:

- **Vendor Software** — this section includes costs related to the basic and optional modules of an EHR product, licenses and alternative service provider (ASP) user fees.
- **Third Party Software** — this can be software for components of the EHR provided by other companies, such as patient education materials, drug interactions and general system software (e.g., database or operating system software).
- **Implementation Services** — vendor services, such as planning or readiness assessments, EHR and interface installations, project testing and project management.
- **Annual Support and Maintenance** — costs of the components of annual support based on varying levels of service support.
- **Financing Alternatives** — costs of buy or lease options and terms of payment.

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