How to turn around failing EHRs

Electronic health records were supposed to cut medical costs by driving down administrative expenses. However, despite a wider adoption of EHRs, reductions in billing costs have not been realised, says a new study by Harvard Business School and Duke University researchers.

"The theory was that part of having electronic records was to lower the cost. We didn't find much evidence for that," says study co-author Robert S. Kaplan, senior fellow and Marvin Bower Professor of Leadership Development, Emeritus, at Harvard Business School. The findings are published in the Journal of the American Medical Association.

The study, conducted at Duke University Medical Center in 2016 and 2017, found that generating a single bill cost anywhere from $20 to $215 depending on the type of visit. That's despite the fact that Duke has an established EHR) system and an efficient, centralised billing department, Kaplan points out.

Administrative costs account for at least a quarter of healthcare spending in the United States. That is twice the administrative overhead found in Canada and is significantly higher than most other wealthy countries.

While automation may help on some record-keeping tasks, it also imposes its own costs, Kaplan says, explaining why the use of EHR systems has not resulted in lower billing costs. "In fact, more costs were shifted over to doctors in that they had to enter more codes into the so-called automated system," Kaplan says. "Turns out that that gets them annoyed, and it distracts them from dealing with the patient."

For example, physicians who cost between $3 and $8 per minute are doing administrative tasks that a scribe costing 50 cents a minute could do better, the study found.

Kaplan cites other factors for the higher administrative costs in the United States:

- Multiplicity of payers, including Medicare, Medicaid, and commercial insurance companies, with reams of contracts differing in coverage and procedure prices. The different contracts don't even share a common structure. (In Canada, by contrast, national healthcare is a single-payer system.)
- The nature of healthcare transactions with third-party involvement, the somewhat clunky EHR systems themselves that combine billing with health records, and fee-for-service payment systems. "Every time the patient moves, there's another charge we hit them with," says Kaplan.

He advocates a bundled payment system, where there is one negotiated price for a specific condition, covering everything from the patient's copay to any medication needed during the procedure. This concept has gained support from the Medicare and large private employers such as General Electric and Walmart.

In General Electric's case, its employees and retirees are sent to New England Baptist Hospital for joint replacement surgery. Because the provider is getting paid one price, that leads to greater accountability for patient outcomes, Kaplan explains.

Bundled payments would be so much simpler. "We can run it off an Excel spreadsheet," adds Kaplan.

Source: Harvard Business School Working Knowledge
Image Credit: Pixabay

Published on : Tue, 1 May 2018