

Can Houston & Texas Afford HIT?

John C. Joe, MD, MPH
September 22, 2010

Overview

- Cost of implementing Health IT
 - Hospital electronic health records (EHR)
 - Community health information exchange (HIE)
- Cost of not implementing Health IT
 - Current costs for hospitals & community
 - Future trends for both
- Potential returns on HIT investments

Cost of implementing Health IT

Hospital electronic health records
(EHR)

Houston Business Journal 8/06

- Texas Children's System: \$60 million on EHR
- The Methodist System: \$43 million on EHR
- MD Anderson Cancer Center:
 - More than 700 employees in IT department
 - More than 80 EHR software engineers
- Estimated total EHR investments throughout the Texas Medical Center: >\$250 million

McKinsey Quarterly 8/10

- Average EHR costs per bed (~200 beds):
- External IT consulting \$27-30K
- Clinical software licenses \$20-22K
- Hardware \$15-25K
- Total training expenses \$10-12K
- Other software licenses \$5-6K
- Internal IT support \$3-5K
- **TOTAL \$80-100K**

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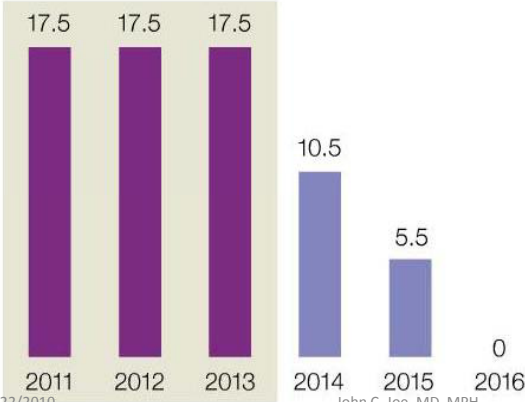
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McKinsey Quarterly 8/10

American Reinvestment and Recovery Act (ARRA)/Medicare incentives per bed

Cumulative incentives based on year 'meaningful use' is achieved,² \$ thousand



Providers will capture the largest incentives if deployment occurs by 2013.

For the high-end scenario of \$100,000 in provider costs, cumulative incentives of \$17,500 represent a small portion of the total (~18%).

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Cost of implementing Health IT

Community health information exchange
(HIE)

NYCLIX, Inc.

- “New York Clinical Information Exchange”
- A non-profit 501(c)(3) corporation
- Incorporated in November 2005
- Start-up costs for interfaces & training
 - Federal & state grants
 - In-kind contributions
- Member fees cover operating costs
 - Operations outsourced to vendor
 - Now self-sustaining

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NYCLIX Participants

Hospitals – Manhattan

- Beth Israel
- Mount Sinai
- New York - Presbyterian
- New York University MC
- St. Luke's - Roosevelt
- St. Vincent's

Home Care

- Visiting Nurse Service of New York



Hospitals – Outside Manhattan

- Kings County Hospital
- Staten Island Hospital
- Downstate

Ambulatory

- Institute for Family Health
- Columbia Doctors

Health Plans

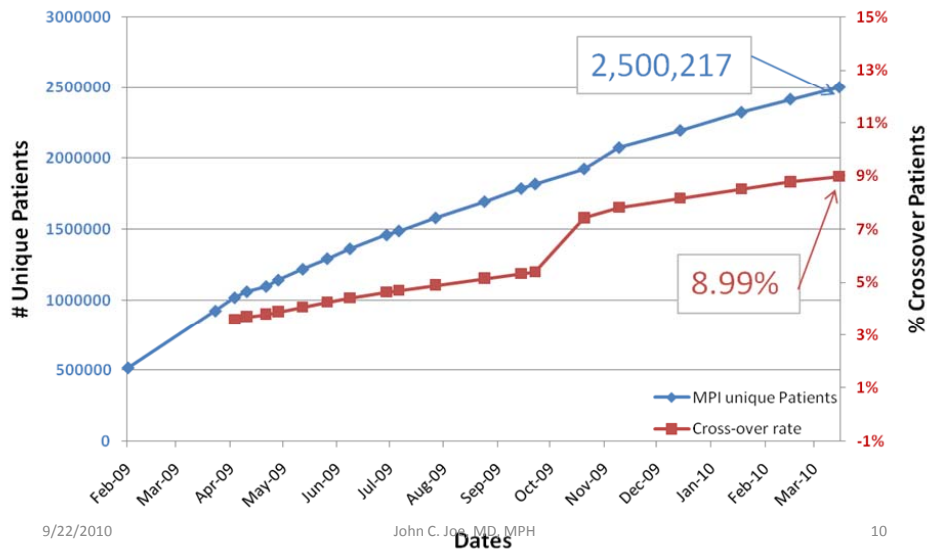
- SelectHealth

Nursing Homes

- Village Care
- Hebrew Home for the Aged

NYCLIX Patient Trends

Unique Patients and % Crossover Patients¹



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Multi-Site Crossover Patients

Number of Sites Visited	Count
2	192,860
3	26,901
4	4,041
5	656
6	123
7	52
8	22
9	4
10	3
12	1
Total	224,663



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Cost of not implementing Health IT

Current costs for hospitals & community

Greater Houston Context

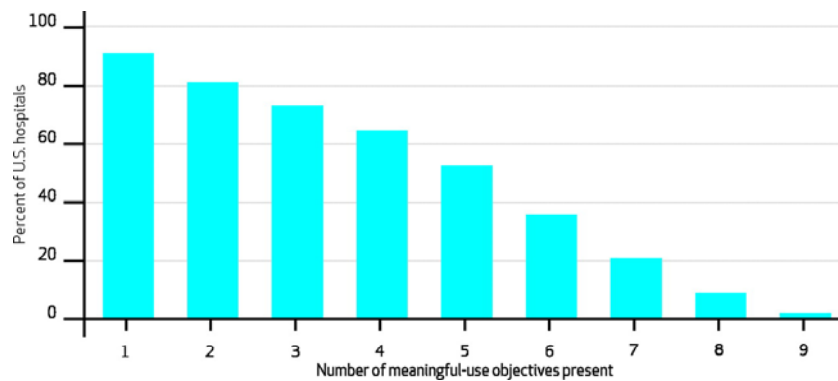
- Regional population of ~4.5 million
- Number who have no insurance: > 1 million
- Number who are underinsured: 500,000
- Kaiser FF 2008 data: 25.2% in TX uninsured
- Total 2009 safety net care nearly \$2 billion
- Typical private hospital with >200 beds:
 - More than \$12M uncompensated care / year
 - Some larger hospitals in excess of \$50M / year

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National Hospital Context



Primary deficiencies were lack of HIE function, drug interaction checking, quality measures reporting, and CPOE for meds

HealthAffairs

Ashish K. Jha, Catherine M. DesRoches, Peter D. Kralovec, and Maulik S. Joshi, A Progress Report On Electronic Health Records In U.S. Hospitals. Aug 26, 2010

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Individual Patient Context


- Male born in 70's, HIV+ more than 15 years
- Chronic diseases: asthma, ulcers, seizures
- Primary care: FQHC going live w EHR in Nov
- Asthma exacerbation in local ED without EHR
- Presents at new clinic 24 hours post discharge
 - Chronic & acute medications?
 - HIV or AIDS: CD4, viral load, chest x-ray?
 - Timeliness of communication & care coordination

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ABOUT HCMS
MEMBERSHIP
CME
ETHICS
REFERENCE
SEARCH



HCMS
Harris County Medical Society

- MEMBER LOG-IN
- FIND A PHYSICIAN
- MEETING RSVPs
- WHAT'S NEW
- NEWS
- BUSINESS OF MEDICINE
- QUALITY
- LEGISLATIVE ADVOCACY
- CALENDAR
- HEALTH INFORMATION TECHNOLOGY
- COMMUNITY HEALTH RESOURCES
- HEALTHCARE TRENDS
- LINKS
- MEDSERV/ PRACTICE SERVICES
- ADVERTISE WITH US
- PHYSICIAN CAREER CENTER
- NPI RESOURCES

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Path: [Home](#) : [Business of Medicine](#) : [Practice Management](#)[Business of Medicine](#) : [Practice Management](#)[Practice Management](#)

Hospital Portals

Keywords: [Hospitals](#)

Below are Web portal links to hospitals in the Houston area for physicians to access their patients' clinical and billing information. (For some portals, Internet Explorer may be required.)

Christus Health
(St. Catherine-Katy / St. John-Nassau Bay)
https://my.christushealth.org/dana-na/auth/url_13/welcome.cgi

HCA Gulf Coast Division Hospitals
(Bayshore / Clear Lake Regional / Conroe Regional / East Houston Regional / Kingwood / Mainland / Spring Branch / Texas Orthopedic / The Women's Hospital / West Houston)
https://gulfoastra.cio.medcity.net/dana-na/auth/url_38/welcome.cgi

M.D. Anderson Cancer Center (UT)
<https://my.mdanderson.org/members/>

Memorial Hermann System
Click on "PhysicianLINK" at <http://www.memorialhermann.org/forphysicians/>
If accessing for the first time, see https://www.newphysicianlink.org/MH_Insite_Login.htm

The Methodist Hospital System
<https://sslvpn.tmhs.org/+CSOE+/logout.html?reason=18>

St. Joseph Medical Center
http://www.sjmctx.com/ourservices_drp.htm

St. Luke's Episcopal Health System
<https://sourcenet.sleh.com/preauth/login.cgi>

Tenet Hospitals
(Cypress-Fairbanks / Houston NW / Park Plaza)
<https://secure.etenet.com/publicsite/default.asp>

Tomball Regional Medical Center
<https://portal.tomballhospital.org/physiciansportal/Login/tabid/37/Default.aspx>

Triumph Hospitals John C. Joe, MD, MPH
<https://citrix.triumph-healthcare.com/vpn/index.html>

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Cost of not implementing Health IT

Future trends for hospitals & community

Pitts - Health Affairs 9/10

- Emergency physicians
 - Constitute 4% of all doctors
 - Handle 28% of all acute care visits
- Uninsured patients received more than half their acute care in emergency departments (EDs)
- 2/3 of acute care visits to EDs took place on weekends or on a weekday after office hours
- ED patients often experience long wait times, typically rack up more expensive bills, and are more likely to receive duplicative tests

Pitts - Health Affairs 9/10

- The Patient Protection and Affordable Care Act is expected to expand both funding for primary care and primary care coverage to 32 million people
- Unless coverage expansion is matched by a growth in primary care capacity, visits to already overcrowded EDs may actually increase
- Lesson from Massachusetts: ED visits increased even after insurance coverage expanded because the state was unable to quickly provide enough access to primary care providers

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Boston Globe Findings

- 2006 MA law requires nearly all to have health insurance
- Expected to ease overuse of EDs as the newly insured went instead to primary care doctors for non-urgent health needs
- Patients with state-subsidized insurance have continued to use EDs at a rate 14% higher than MA residents overall
- State-subsidized patients with the lowest incomes, who formerly received free care in EDs and now pay a nominal fee, use EDs at a rate 27% higher than the MA average
- The average charge for treating a non-emergency illness in the ED is \$976 versus \$84 - \$164 to treat similar ailments in a primary care doctor's office

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Mortensen - Health Affairs 9/10

- To reduce unnecessary use of hospital EDs by Medicaid enrollees, many states have begun copayments for non-emergency visits to EDs
- Results from the first study of its kind by Karoline Mortensen of the University of Maryland suggest that these cost-sharing policies have not been effective and do not reduce Medicaid enrollees' reliance on EDs

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ACEP Member Survey 4/10

- 71% of emergency physicians expect ED visits to increase despite PPACA
- 61% don't believe the new law will effectively address uncompensated care
- 73% report crowding in their emergency departments at least 3 or 4 days per week; 23% reporting at least 5 days per week, and 24% reporting every day

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ARRA Medicare Reductions

McKinsey Analysis, August 2010:

- Average EHR cost per bed: \$80-100K
- Average ARRA-mandated fines per bed:
 - 2015: \$2,000 per bed / year
 - 2019: \$35,000 per bed / year

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Potential returns on HIT
investments

McKinsey Quarterly 8/10

- EHRs linked with bed management and resource scheduling software can save more than \$20K/bed/yr in labor utilization alone
- EHRs with CPOE can save \$8-15K/bed/yr in reduced medication errors and drug-allergy and drug-drug interactions
- EHRs linked with revenue cycle software can recover more than \$4K/bed/yr in unbilled services

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CITL Texas Study 2006

- Center for Information Technology Leadership
- Study for the Gulf Coast Health IT Task Force
- Modeled the value of EHR+HIE across Texas
- Projected \$14.2B statewide annual savings
- Eliminate more than 150,000 preventable adverse drug events (ADEs) annually
- Eliminate more than 13,000 hospitalizations annually due to preventable ADEs

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Aligning Costs & Returns

	Cost	Return
EHR	Providers	Payers, Patients Providers
HIE	Government Providers	Payers, Patients Providers

August 2010: Aetna, Highmark, UnitedHealth, and WellPoint announce pay-for-performance programs that will align with ARRA Meaningful Use criteria

