EHR SOFTWARE PRICING GUIDE

Your comprehensive guide to the cost of implementing EHR software

GUIDE HIGHLIGHTS

- The latest pricing infomation from leading vendors
- A comparison of the two major EHR pricing models
- Hidden costs, calculating EHR TCO & more

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PRICING MODELS

Just as there are significant differences in EHR software functionality, the pricing models these systems operate on also differ. Just as functionality is an important consideration when making a purchase decision, the pricing models a vendor can offer are equally important. Just as the technological capabilities of an EHR must be aligned with your practice's goals, the pricing model must be conducive to system ROI.

Even the perfect EHR from a technical standpoint can be all for naught if the economics of its pricing model pricing are unsustainable. With this caveat in mind, it is important that your EHR platform presents a good technical fit within a pricing policy that is realistic given the financial climate in your practice. Fortunately, the EHR market is competitive, with many pricing models to choose from.

PERPETUAL LICENSE PRICING

Broadly speaking pricing models align with the two main forms of EHR delivery: on-site EHR deployment and web-based EHR delivery, also known as Software as a Service (SaaS). Typically, on-site delivery offers a perpetual license (allowing the customer to use the software indefinitely), however, the user must pay for ongoing costs to support and manage on-site data servers with a larger upfront cost. These ongoing fees also include updating and patching software when required.

As one can imagine, there are drawbacks related to paying a lump sum fee plus an annual maintenance agreement. The main drawback of this EHR pricing model involves the significant cost at the onset of the agreement, coupled with the fact that these expenses are general non-recoverable if the system does not meet your organization's needs.

SUBSCRIPTION PRICING

SaaS platforms typically operate a fixed monthly subscription pricing model or "pay-as- you-go" model. Although the initial setup cost for SaaS is usually lower than the equivalent perpetual license, SaaS-based EHR vendors typically attach usage parameters to this model. These parameters can be somewhat loose, for example EHR vendors may provide their software and all associated updates for one monthly fee with a little or no limitations based on use. However, given that they do not stand to benefit from collecting the same monthly fee from a user who uses a small of amount of data compared to an intensive data user, the subscription is often scaled with usage. To achieve this, EHR vendors may link monthly charges to the number of system users or the volume of activity on the system. An example of connecting volume of use to cost is found in the pay per encounter pricing model in which the user pays for a set number of patient encounters for a specified fee.

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Given the variety of options available, the decision to adopt an EHR system rests on organizational needs and financial forecasts. If selecting a SaaS platform, keep in mind the associated EHR pricing model may help a practice avoid significant upfront costs; however if the scale of your practice (and project) is larger, some perpetual license pricing models may be comparable in price when looking at long-term total cost of ownership (TCO). Unfortunately, there is no magic formula to make this decision for you, and it will ultimately hinge on your organization's ability to either front large sums of money or pay in increments with more restrictions on usage.

EHR PRICE LIST

Pricing Information displayed below is correct as of September 2015. Follow the source links for more information.

EHR VENDOR	EHR PRODUCT	PRICING MODEL	COST	SOURCE
AdvancedMD	Advanced MD EHR	Monthly subscription	$729 / provider	i
Amazing Charts	Amazing Charts EHR	Monthly subscription	$39 / seat + $1200 license / clinician	i
Amazing Charts	Amazing Charts EHR	Perpetual	$1200 license / clinician	i
Bizmatics	PrognoCis EHR	Monthly subscription	$250 / provider	i
CareCloud Central	Care Cloud EHR	Monthly subscription	$349 / provider	i
Charm Tracker	ChARM EHR	Monthly subscription	$0.50 / encounter	i
Clinic Source	Therapy EMR	Monthly subscription	$79 / user	i
CureMD	CureMD EHR	Monthly subscription	$295 / provider	i

EZDERM	EZDERM EHR	Monthly subscription	$499	i
digiChart	digiChart EHR	Monthly subscription	$499 / provider	i
eClinicalWorks	eClinicalWorks EHR	Monthly subscription	$449 / provider	i
Kareo	Kareo EHR	Free*	Free	i
McKesson	Practice Choice	Monthly subscription	$349 / provider	i
OpenEMR	Open EMR	Free*	Free	i
OpenMRS	OpenMRS	Free*	Free	i
Oscar Canada Users Society	OSCAR EHR	Free*	Free	i
Practice Fusion	Practice Fusion EHR	Free*	Free	i
Department of Veteran Affairs	VistA EHR	Free*	Free	i
WebPT	WebPT EHR	Monthly subscription	$49 / provider	i

* There is no such thing as a free lunch (or free EHR in many cases). Be sure to read our explanation of free EHR pricing models on page 6.

Pricing correct as of 8th September, 2015. Check back for regular updates or contact customerteam@ehrinpractice.com to report pricing changes.

FREE EHR EXPLAINED

Although it may seem counterintuitive, a free product (even a free EHR platform) can be monetized. One need only browse through the app store on their smartphone to understand that "freemium" has become an increasingly popular pricing model.

We have all seen the popups when downloading a free app such as "contains in-app purchases," "requires upgrades" or "shares user data with third parties" prior to downloading an app. These warnings are not just the product of overly cautious legal departments at app development firms; rather they are an insight into how a free product can be monetized. Just as developers in the mobile app space have found ways to monetize their "free" products, free EHR vendors also follow suit using some of the same revenue models.

FREE EHR VIA AD REVENUE

Ads....love them or hate them are a permanent part of the IT landscape. Revenue models relying on targeted advertising offer a way to monetize free software. Unfortunately, physicians and patients bear the brunt of advertising channeled through our health systems. Targeted ads in free EHR use data contained in the system to generate ad content. Therefore, a high incidence of a particular disease in your EHR may result in targeted ads for pharmaceuticals that treat the disease. If your physicians click on the ads, the vendor receives revenue, you receive useful advertising information everyone wins, in theory.

Nobody wants to be bombarded with ads while entering care notes or reading a patient file. Perhaps even more troubling is the fact that data contained on the EHR system is often utilized to provide the context for targeting ads, pushing the boundaries of the privacy and integrity of your EHR system.

FREE EHR VIA ADD-ONS

The theory behind this monetization strategy is rather straightforward; it goes as follows. You may have the basic version of a free EHR platform; however if you want to upgrade to a better version of said platform, you must pay to add additional functionality. Think of it like buying a car, you can get the basic model for a great price; however when you want such amenities as built-in sat-nav, custom floor mats, and those sweet alloy rims, you will pay dearly. The same rules apply in the free

EHR world; a free base model may be available to practices while add-ons are required for more sophisticated EHR functionality or to achieve meaningful use. Alternatively, some EHR vendors will offer their system for free as long as their billing system is implemented alongside. These billing systems often take a commission on all billing to monetize the model.

FREE EHR VIA PAY-TO-PLAY

Pay-to-play, as the name implies, means that the provider shifts the costs of the EHR system onto the patient who would be required to pay, usually a yearly fee, to use the EHR system. For example, a paying patient may be able to use a web-based records portal and receive other electronic care management benefits. However, non-paying patients will not be allowed to access all the advantages of the system.

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The risk in this model, from a provider's perspective, is that you run the risk of alienating patients by shifting an administrative cost to them. Further, if the goal of EHR implementation is to improve healthcare delivery, and only a portion of the patients pay for the system, only a portion of your practice processes will be improved through advanced EHR functionality.

The term "free" in free EHR must be taken with the caveat that there is likely a revenue model to monetize the services. Monetization, unfortunately, comes at the cost of potentially lower adoption (by the provider or patients) in the ad based and pay to play models and long-term costs related to upgrading beyond the basic system. As such the decision as to whether or not free EHR is appropriate depends on your ability to achieve practice buy-in for the system, despite its "freemium" inconveniences.

CALCULATING EHR TCO

When evaluating an EHR system, consumers should look beyond the "out of the box" price and think in terms of long-term and comprehensive cost estimates. One of the most comprehensive and efficient measures for modeling long-term costs involves calculating the total cost of ownership (TCO). TCO is best defined as a full assessment of information technology and services costs over time. TCO represents an accounting of all costs (both short term and long term, and direct and indirect) in order to create an accurate picture of the cost of operating an EHR and not merely purchasing the system.

When implementing an EHR system, the TCO should be an estimation of the "real" cost of ownership which often includes many overlooked expenses. Practices often make the mistake of focusing on "out of the box costs" such as purchase price, hardware and licensing, while minimizing or not fully considering some of the hidden costs of ownership.

When considering TCO, an easy of way of accounting for costs is to divide them into direct and indirect costs. Directs costs include the costs easily attributed to the EHR system such as purchase price or maintenance agreements. On the other hand, indirect costs are those costs, which cannot be immediately attributed to the EHR system and often require analysis from multiple functions and departments.

DIRECT COSTS

When calculating TCO, direct costs are relatively clear cut. Direct costs for an EHR system include the purchase price, additional software and hardware resources needed for the operation of the system, and the initial materials and labor required for system implementation. For example, the hardware includes new servers, desktop computers, tablets/laptops, printers, and scanners needed to operate the EHR system. Documentation of these costs can be as simple as recording the invoice within your project budget.

EHR consumers will often experience varying direct costs (and by association TCO) when comparing SaaS versus on-site software. The Healthit.gov website publishes a useful illustration of variance between on site and SaaS software. Based on data collected by the Michigan Center for Effective IT Adoption, direct upfront cost, yearly cost, and five-year total cost of ownership (TCO) for on-site and SaaS EHR deployment are shown in the table on page 8 of this guide.

	On-Premise			SaaS		
	Upfront Cost	Yearly Cost	5 Year TCO	Upfront Cost	Yearly Cost	5 Year TCO
Average Cost	$33,000	$4,000	$48,000	$26,000	$8,000	$58,000

INDIRECT COSTS

Indirect costs include staff time expended selecting the system and staff time diverted from regular duties during implementation. When looking at indirect costs during implementation one of the primary factors involved will be staff time needed to implement the system. TCO from this perspective should consider training and technical support needed to not only implement the system but to allow staff to learn the new system. Furthermore, lost productivity after implementation will need to be considered, particularly if the changes in the EHR system disrupt current practice workflow. As you can see, documentation of indirect EHR costs can require ongoing analysis or a complex forecast. The complexity of this task can often lead to inaccurate or excluded costings if your EHR project plan doesn't assign significant resources to these calculations.

In making long-term forecasts, TCO provides the most useful measure of whether an EHR system can be justified from an ROI perspective. Practices should also realize that these estimates should account for all costs, even those that cannot be easily modeled. Costs may be higher under a TCO, but they will provide a more accurate picture of EHR system costs.

EHR HIDDEN COSTS

When documenting the costs of selecting and implementing an EHR system for your TCO calculation, a useful strategy often lies in keeping a checklist of some of the lesser-known costs that arise. The major EHR costs such as licensing fees and hardware costs do not require elaboration since they represent the foundation of the system and the lion's share of the costs. However, considering some of the less well-known costs relating to an EHR project can accomplish a great deal toward achieving a positive ROI.

IMPLEMENTATION ASSISTANCE

Implementation assistance encompasses all technical support required to implement the EHR system. This typically involves staff outside of your organization. Potential implementation assistance costs include bringing in an outside IT contractor, assistance with chart conversion or hardware and network installation.

WORKFLOW REDESIGN

Since a new EHR is being introduced to manage your organization's processes, workflows will need to be analyzed, adjusted and reformed in light of new EHR functionality. Associated costs can be direct, such as vendor consultation, or indirect, such as increased training or reduced short-term productivity.

TRAINING

Staff will need to be trained on the new EHR system being introduced into your organization. Training extends to physicians, nurses, and office staff. In addition to training staff, a decision regarding who will carry out the training will need to be made. Often the vendor will offer training services. However, this could be limited, requiring in-house staff to conduct training in the future.

MAINTENANCE

Technology often malfunctions; this is a fact of modern life. This rule applies to a large-scale EHR system just as much as it applies to consumer technology.

REDUCED PRODUCTIVITY

With a new EHR there will be a learning curve in which physicians become accustomed to using the new system. This learning curve can reduce efficiency, resulting in lower patient throughput in the short-term.

SECURITY TOOLS

HIPAA and HITECH require a high level of data security. In addition to mandated security measures, data breaches, even when your practice complies with the law, can be disastrous.

CUSTOMIZATION

Out of the box EHR systems often require tweaks and adjustments to fit into the environment they are being used. This cost can be reduced if a system with a high level of user configuration is selected.

UPGRADES AND ADD-ONS

The longer a system is in place, the lower the odds of requiring an upgrade. Particularly as meaningful use expectations of EHR functionality change, an organization can anticipate upgrades and add-ons to be required.

DATA MIGRATION AND CONVERSION

When conducting a change of EHR systems, all of the data contained within the old system will need to be migrated to the replacement system. The scale of this cost is largely dependent on the health of your database prior to conversion.

THIRD PARTY SOFTWARE

EHR systems often require third party software to improve interoperability or to facilitate tasks within the system. For example, organizations may use speech to text software to facilitate dictation of notes in the EHR.

When analyzing the TCO (and subsequently, the ROI) of an EHR, all costs matter. Hidden EHR costs that appear when least expected can overshadow what would have been a successful implementation. The best advice in this context is to be a pessimist and reserve budget rather than letting hidden costs poke holes in your ROI calculations when you least expect it.

This guide was written by Jeff Green, EHR in Practice Columnist, with contributions from Tom Feltham, EHR in Practice Editor

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