HOW TO SELL YOUR EHR PROJECT TO SENIOR MANAGEMENT

Your guide to achieving senior management approval for your EHR project

GUIDE HIGHLIGHTS

- Understanding C-Level motivation for EHR projects
- How to pitch your EHR project to management
- The cost, benefits, and ROI of EHR

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THE IMPORTANCE OF EXECUTIVE BUY-IN

The widespread adoption of EHRs has been one of the most significant advances in the practice of healthcare over the last two decades. EHRs have empowered healthcare organizations to more efficiently manage and analyze clinical information, provide care, monitor patient populations, and manage business operations. However, there are drawbacks to EHR technology, which, to senior management, may prompt pushback to further investment in EHR technology beyond what is needed under regulatory requirements.

The reasons for senior management's reticence to further invest in EHR rest on a number of factors that are often unique to an organization, particularly the size of the organization, the area of practice, and whether the organization is a for profit or not for profit entity. However, given that above all other considerations, a healthcare practice must be fiscally viable: senior management will likely view any new EHR investments through the lens of whether it is justified from a financial standpoint. Presently, advocates for investment may be fighting an uphill battle.

The overriding view from some healthcare organizations is that the return on investment (ROI) in EHR technology was not as expected as evidenced by a survey, conducted by Health Catalyst and presented at the 4th Healthcare Analytics Summit[1]. This data states 61 percent of professionals viewed their ROI on EHR as terrible (19 percent) or poor (42 percent)—29 percent stated it was mediocre, 9 percent said positive, and 1 percent said superb. However, as will be discussed, one should not assume that pitching further investment to C-Level staff is a lost cause. Rather, it's a question of framing the case for investment in terms of both long-term and short-term gains.

The information presented throughout this white paper will discuss current issues and evidence surrounding EHR investment, and how to make the most effective case for further EHR investment to senior management.

MOTIVATIONS FOR INVESTING IN AN EHR

Practices change EHR systems or further invest in existing technology for many reasons. One of the overriding reasons practices change or invest further in their EHR involves dissatisfaction with an existing system's functionality or usability. According to Medical Economics' 2017 EHR Report[2], nearly half of the 62% respondents who noted they had switched EHRs state that deficits in the previous system led them to look for a replacement or prompted further investment.

With the significant segment of those in healthcare who display some level of dissatisfaction with their EHR, survey data indicates that there exists some enthusiasm for further investment. For example, in a recent survey conducted by KPMG[3], the chief information officers surveyed plan to invest heavily over the next three years to improve how electronic medical record systems are used, by spending heavily in optimizing existing EHRs at their organizations.

The survey results show CIOs are concerned about the efficacy of "factory boilerplate-style system installations." The poll found that 38% of the 112 survey respondents ranked EHR or EMR optimization as their top choice for where they plan the majority of capital investment over the next three years.

Investment in optimization appears to be where future EHR investment will take place. The report suggests that senior management investing in EHR optimization focus on the following areas:

- Enhancing user experience
- Training
- Coding services more effectively
- Mobile access to their EHR
- Aligning EHR technology within the larger organizational infrastructure
- Automating functions

Besides EHR optimization, the CIOs surveyed listed and rated the following areas of functionality as high investment priorities:

- Accountable care/population health technology (21%)

- Consumer/clinical and operational analytics (16%)
- Virtual/telehealth technology enhancements (13%)
- Revenue cycle systems/replacement (7%)
- Enterprise resource planning systems/replacement (6%)

The main takeaway from the KPMG survey indicates that CIOs are not seeking to invest in basic functionality for compliance purposes. Instead, CIOs are looking to direct investment into making their EHR a more powerful tool that can enhance how these organizations deliver care and can do so more efficiently.

PROBLEMS WITH EHR INVESTMENTS

Although received wisdom indicates that investments in EHR technology are considered a cost of doing business, organizations investing in this technology still expect some return on investment. Herein lies the problem. The return on investment that comes from EHR technology can be challenging to quantify, and its benefits are often incremental. Thus, if the expectations regarding return on investment are immediate and clearly understood benefits, then investors might be disappointed.

One should assume that problems related to return on EHR investment are a product of not understanding the nature of the investment. Rather there are some concrete and justifiable concerns regarding whether increased investment beyond what is needed for regulatory compliance is worthwhile.

Other evidence does indicate that primary care practices have experienced positive results when investing in EHR technology. A study conducted in 2014[4] and published in the journal JMIR Medical Informatics indicates that among the surveyed primary care clinics that EHR investments were recovered "within an average period of 10 months (95% CI 6.2-17.4 months)." These practices were able to see more patients with an average increase of 27% after an EHR implementation. The study also indicated that the increase in patient volume resulted in a breakeven point of 10 months.

Other evidence confirms these findings, a study published in Health Affairs[5] looking at return on investment (ROI) for implementation of an EHR system in smaller medical practices showed these practices were able to make up for the cost of EHR implementation in 2.5 years due to increased revenue resulting from improved accuracy in coding and increased provider productivity.

For larger organizations, performance data shows that investment must be carried out thoughtfully. According to a study by the National Board of Economic Research (NBER)[6], hospitals that invested in advanced EMRs and did not have the expertise to innovate to improve operations wound up increasing their overall costs by 6%, even after several years. However, this should not be taken to mean that large organizations do not realize significant gains on EHR investments, rather investments need to be made strategically in areas that will result in positive benefits for the practice. For example, evidence from the study by the NBER shows some leading hospitals are realizing substantial and sustained improvements in clinical and financial metrics as a result of EHR investments.

HOW TO MAKE A CASE FOR INVESTMENT TO C-LEVEL

Before discussing the strategies that can be used to influence senior management to invest in EHR technology, it is important to understand why buy-in at the C-Level is important. Just as is the case for any level of staff buy-in, it is important to ensure that all parties are aligned with the same goal. Buy-in with C-Level staff is also crucial for an obvious reason: C-Level staff are primarily the group who control fiscal decision in an organization. Therefore buy-in among this group is important, but also likely necessary to see a project to fruition.

When discussing the issue of buy-in at the executive level, just as is the case with buy-in at any other level in the organization, all stakeholders must be aligned to move forward. For C-Level staff to be aligned with a proposed project, buy-in must be obtained. Gaining buy-in from C-Level staff is a process of making the case that a certain course of action or project is aligned with an organization's goals and is a worthwhile pursuit, rather than something that must be tolerated or viewed as a "necessary evil."

FIND A C-LEVEL CHAMPION

Just as is the case when pitching an EHR project among clinical and administrative staff, finding a champion (or a few) among C-Level staff can help increase the probability of success when making a pitch to senior management. Finding a champion is beneficial in that it offers the chance to have an insider who can advocate for your project before and after the pitch is made, but also is useful given that a C-Level insider willing to champion your project can also provide valuable insight into what it might take to push the proposal to success, and, accordingly, can also provide valuable feedback by pointing out the strengths and weaknesses in your proposal.

EVIDENCE AND SOUND METHODS MATTER

Making a pitch to C-Level must be based on evidence and reliable methods. Although assumptions may be used, they must be backed up by evidence. For example, if one makes the case that an EHR investment will result in increased revenue due to the increased patient volume, the best approach is to find evidence of similar cases where this outcome has occurred. Find similar size organizations and use them as examples. Examples can be found in formal research studies or case studies commissioned by private sector agencies or think tanks. If an exactly similar case is not available to use, find the best

available evidence and insert a caveat that although it is not exactly on point, it can still provide useful insight.

Secondly, when offering projections and calculations that make representations regarding potential costs and benefits or ROI projections, it is important to model these calculations using accepted methods and, again, sound real-world evidence. In this case, consult individuals familiar with healthcare finance and budgeting to check your work.

MAKING A CASE FOR ADDED VALUE AND THE ELIMINATION OF INEFFICIENCIES

As such, the proposed EHR project must satisfy some type of need. Organizational needs about healthcare technology can fall under two broad categories: technology that solves an existing problem found within the technology currently in place, or technology that addresses a need not currently being met by the technology in place. In either case, the pitch must include evidence that either value is being added to the organization's operations or inefficiencies are being eliminated.

Making the case for added value or reduced waste can fall under a number of areas. For example, credible evidence from the Journal Risk Management and Healthcare Policy[7] shows an EHR can provide tangible benefits to a practice including: increased efficiency, quality, and reduction of waste.

FUTURE PROOFING AN ORGANIZATION

Future proofing is a buzzword that often is used without a great deal of consideration as to what it actually implies. Future proofing basically involves staying ahead of the curve by anticipating trends and reacting in a manner that allows an organization to make the best out of changes in the environment outside of their organization. For example, 10 years ago healthcare practices were likely future proofing themselves against regulations that mandated EHR use. Today, future proofing an organization involves making healthcare organizations more efficient in delivering quality services, and realizing that providing health care services is a business that must be mindful that patients are consumers and that their satisfaction matters.

For example, patient satisfaction as an issue of value creation is illustrated in the eighth annual Black Book industry surveys of inpatient EHR users[8]. The report states that "involvement with healthcare consumers through technologies is proving to be a significant element of patient satisfaction," Doug Brown, managing partner of Black Book Research goes on to report that "healthcare consumers more frequently interact through electronic media in 2018, and while they value contact with their providers, they don't have the patience for lacks in hospital interoperability, incorrect billing and access to scheduling and results." These statements are further supported by the fact that eighty-nine percent of healthcare consumers under 40 polled disclosed they are unsatisfied with the technology capabilities of the healthcare organizations with which they seek services. Eighty-four percent of respondents stated that they are seeking the most technologically advanced and electronically communicative medical

organizations available for their healthcare alternatives. As such, future proofing an organization can, in some cases, mean providing the best technology for clinical operations, but also enhancing how an organization interacts with its customers.

DEMONSTRATE COMPREHENSIVE AND ORGANIZATION-WIDE BUY-IN

A lack of buy-in from C-Level staff may be overcome if the case can be made that clinicians and staff are on board with the proposal. In this case, gathering staff and clinician input on the proposed project can be used as an effective persuasive tool. For example, clinicians or other staff may provide proof that the current system is creating inefficiencies in workflows and that upgrading existing technology or investing in new technology may help clinicians and staff make the best use of the EHR.

PACKAGING THE PITCH

Packaging the pitch is almost as important as its contents in many regards. A pitch that is delivered in a sloppy manner will often create the impression that its contents lack credibility. Therefore, treat any proposals that are made internally to C-Level staff as if it were being made to a group of outside investors. Accordingly, make supporting documentation available, and allow the audience to review your pitch in advance so that any questions can be addressed. Also, and perhaps most importantly, provide copies of any calculations or supporting material so that the audience can review your assumptions and how you arrived at them prior, rather than asking the audience to search out the material for themselves.

MANAGING STUMBLES AND ADDRESSING QUESTIONS

One of the most important aspects of making a persuasive argument rests in the ability to not only advocate for your own proposals, but also to have the ability to address shortfalls or limitations in your case. As such, when making a pitch for EHR investment it is important to consider potential weaknesses in your reasoning, but also to be able to discuss them in the context of potential alternative solutions. Therefore, if someone questions the assumptions being used or the viability of a proposal one should avoid going into defensive mode, rather explain your reasoning and then offer alternatives that may be plausible to the target audience.

C-LEVEL INSIGHTS

CIOs from 13 prominent healthcare organizations, who met in 2017 at the annual Scottsdale Institute Spring Conference CIO Summit, were surveyed during a session involving the topic of providing value to healthcare organizations through technology.

Participants stated with regard to proving value, many of the CIOs noted that C-level members of

their organizations are not being asked to do so. As reported in the online publication Healthcare Informatics[1], respondents such as Robert Eardley, Houston Methodist, noted that although the organization expects value from the EHR, "he is not being pushed to provide hard dollar return on investment." Accordingly, one can assume from this evidence that organizations often struggle to define the type of value an EHR can provide, and are not engaging in important discussions regarding barriers and opportunities in this regard.

Patrick O'Hare notes, "teasing out the EHR value versus people and process is just too difficult. The cost of the EHR is embedded in operational cost. It is a cost of doing business...IT tools are used to help achieve quality."

COSTS, BENEFITS, AND ROI

When deciding whether to invest in an EHR, a practice can rely on two tools to analyze the case for EHR investment: ROI and CBA. Return on investment (ROI) is a calculation of the most tangible financial gains or benefits that can be expected from a project versus the costs for implementing the suggested program or solution. Whereas an EHR cost benefit analysis (CBA) is more comprehensive than ROI, and attempts to quantify both tangible and intangible costs and benefits. Whether a practice chooses to use an EHR systems benefit analysis or rely on an ROI (or both methods), it is important to view all the direct and indirect costs that can impact the EHR investment decision and decide accordingly.

When calculating the ROI or a CBA for EHR investment, it is important to understand and fully explain quantifiable and non-quantifiable benefits that the EHR system will bring to the medical practice.

QUANTIFIABLE BENEFITS INCLUDE

Increased revenue: This is typically due to more accurate medical coding and billing. The more accurate the billing, the more likely the practice will be properly reimbursed for their services.

Increased provider productivity: Because the EHR system allows the clinician to streamline visit notes, physician orders, follow-ups, and billing, the provider is able to be more productive. Most of the encounter notes can be completed during the point of care, which increases productivity and ensures accuracy in documentation.

Improved operational efficiency: EHR systems improve operations of a medical practice. This decreases the need for operational personnel, lowering overhead. Most EHR systems streamline scheduling, billing, and communications, which greatly improves operations.

NON-QUANTIFIABLE BENEFITS INCLUDE

Improved job satisfaction for clinicians and staff: Once the staff feel comfortable with the EHR system, their job duties should be more streamlined. There will be less duplication of work and less

need for tedious tasks, allowing them to focus on patient care. This will lead to greater job satisfaction, improving retention rate and practice morale.

Improved patient satisfaction: Patients can tell when their medical practice runs professionally and efficiently. Patients will be more satisfied and more likely to remain a patient in the practice.

Improved patient outcomes: EHR systems provide tools for screenings, medication interactions, best practice treatment plans and means for communication with their providers. These tools lead to improved patient outcomes and better patient care.

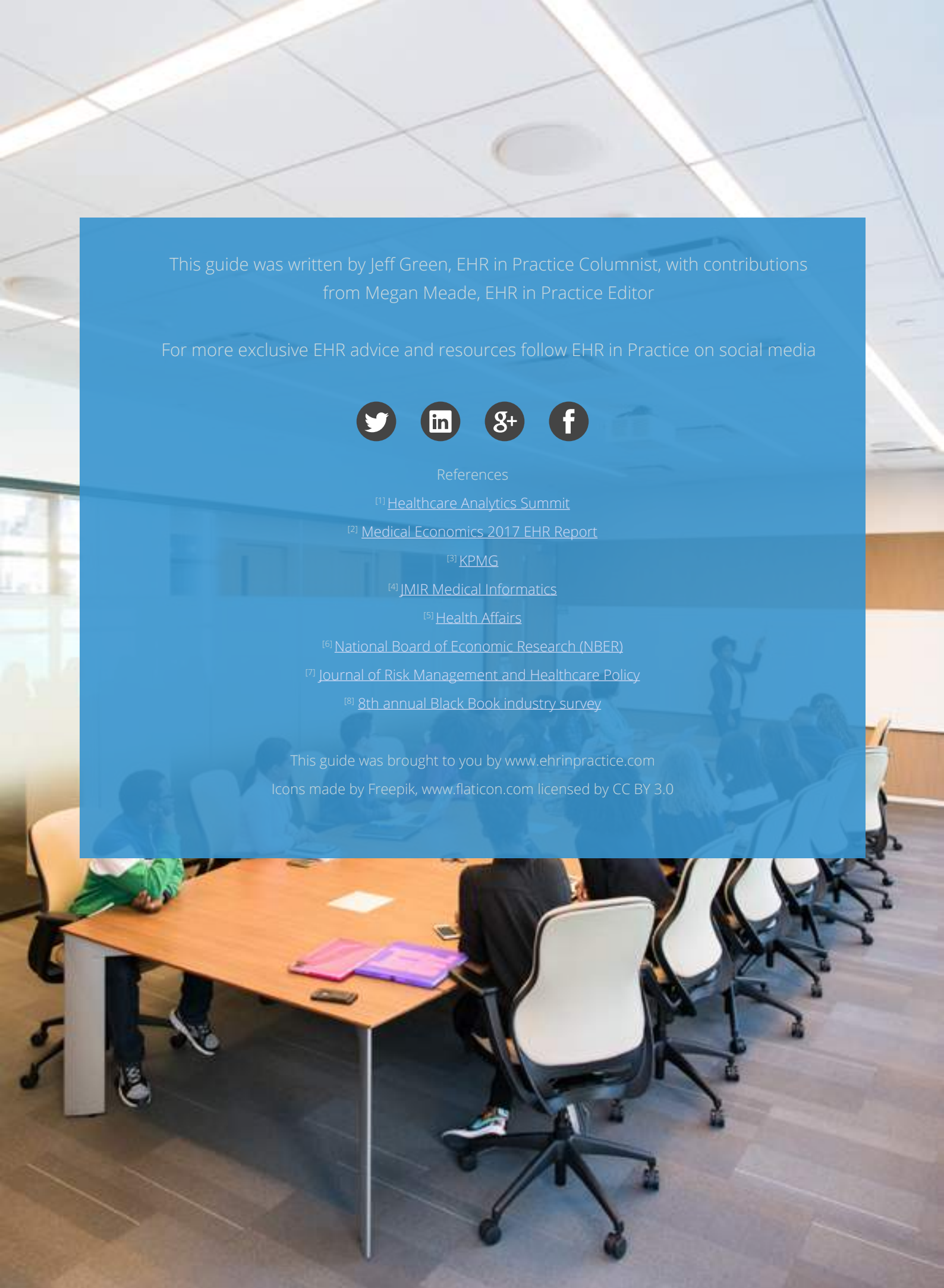
COSTS

One of the major obstacles healthcare organizations face when deciding to invest in EHR technology involves accurately modelling costs. Accordingly, when making the case to justify the cost of an EHR investment, it is important to use an analysis that features the total cost of ownership in the short-term and long-term so that decision makers can be fully apprised of EHR-related costs.

One of the most comprehensive and efficient measures for modelling 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. EHR 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.

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.

In making long-term forecasts, EHR TCO provides the most useful measure of whether a 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.



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