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Despite Subsidies, Push for Electronic Health Records Prompting Cost Concerns

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There's one aspect of health care reform that appears to contain a rare element of consensus: the push to digitize patient records.

Proponents have championed the goal of converting from paper to electronic formats for years, with the promise of closing safety gaps while improving the quality of care.

But medical professionals in the trenches are worried about how to make the leap without incurring substantial financial losses.

Nevertheless, efforts among local administrators and technology companies are accelerating thanks to the dangling carrot of \$19 billion in federal payments to assist hospitals and providers achieve the goal of computerized records.

Sharp Community Medical Group and Graybill Medical Group this month entered into a joint partnership to develop electronic health records, or EHR, strategies.

Last year, SCMG became one of the first independent physicians associations to implement the Allscripts Enterprise Electronic Health Record and Practice Management solution.

In many large medical groups, such as Kaiser Permanente, doctors already use electronic health records.

Yet overall, only 17 percent of U.S. physicians are using them, according to a government-sponsored survey published last year in The New England Journal of Medicine.

Meanwhile, these computerized record systems are very expensive, complex to maintain, and change the way physicians and nurses work, all of which amount to widespread cause for concern.

"Unfortunately, the federal government has not taken a top-down policy and has left it to individual communities and practices to build up these systems alone, and that has led to a tremendous amount of anxiety" within the health care community, said Ben Kanter, chief medical information officer at Palomar Pomerado Health, a not-for-profit health care system in North County.

Electronic records hold data on a patient's health history, medications, laboratory tests, treatment guidelines and so on. To proponents, the potential benefits are fewer unnecessary tests, reduced errors and more outpatient care as opposed to hospital stays.

Do-It-Yourself Model

But the question of how to build an EHR system and how much to spend are left to individual health professionals and administrators.

It's up to them and their technology partners to create the most efficient way to achieve the government's mandate of a wholesale transformation to electronic health records by 2015 or face penalties in the way of reduced federal reimbursements for Medicare and Medicaid invoices.

Tom Sounhein, CEO at XiMED Medical Group, a San Diego network of 400 physicians, emphasized the enormous economic impact as the government prepares to disburse up to \$44,000 as an incentive to doctors over a five-year span, starting in 2011.

"It seems like a good deal until you really do the analysis and take into account the ongoing costs after 2015 has come and gone," Sounhein said. "So we're trying to leverage the vendors to give us a deal based on our size."

Sounhein said his company is in negotiations with an undisclosed technology vendor and just days away from sealing the deal. If an agreement goes through, the estimated cost to XiMED would be \$36 million over 10 years.

"Subtract the \$17 million that we'd get from federal funding and we're upside down \$19 million," he said. "This is all a good thing in terms of what it can provide to patients and advancing the effort of transferring information. But it's very daunting in terms of cost. Where is this money going to come from? It's that sort of dilemma."

Solution In The Cloud?

There's no question that the promise of stimulus money has brought the issue of electronic health records front and center, according to Bob Svendsen, CEO of CHMB Inc., which provides business services to more than 1,000 physicians statewide.

The Escondido-based company said it has so far invested \$3 million to implement EHR systems via cloud computing, an Internet-based service model, in which much of the computing firepower and data reside in remote data centers, which medical staff may collectively access via personal computers.

CHMB partners with Chicago-based Allscripts and sells their technology as a hosted offering.

"Everyone wants to make sure we give the right information to the right provider at the right time," Kanter said.

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