



It's Software... It's a Service... It's ASP!

By Ron Anderson, CPEHR, CPHIT – CHMB Solutions Director of Business Development

If you have been shopping new Practice Management or Electronic Health Records software lately you may have come across a new (and not so new) alternative to the traditional purchase/lease option. The model is called ASP or Application Service Provider and although it's being hyped as new technology, outsourcing and remotely running applications (also know as hosting) are not new concepts.

According to the ASP Consortium, "An ASP deploys, hosts and manages access to a packaged application to multiple parties from a centrally managed facility. The applications are delivered over networks on a subscription basis." So the question is..."What are the benefits of using an ASP model and does it make sense for my practice." Clearly there is no one size fits all Rule but because of the significant expense of quality software applications, the advancements in technology and internet connectivity speed (aka "bandwidth")

ASP solutions are becoming more and more popular.



ALLSCRIPTS
Inform. Connect. Transform.



Most ASP's locate the server(s) and software at a secure data center, also called a "collocation" facility. Customers access the software from their desktop computers or remote access points via the Internet, virtual private network, or private secure lines. The use of the Internet is not mandatory in an ASP offering, although it makes for an appealing option, both for ease of access and from a cost standpoint. Because of this unique configuration, the cost of supporting the IT infrastructure (servers and databases) is shared among all of the customers who therefore enjoy economies of scale and pay lower fees. Meanwhile, each ASP client's data is separated into unique databases so that patient and practice confidentiality is never breached. Additionally collocation facilities are structurally built to be secure from natural disasters, power issues and theft by utilizing concrete construction, millions of dollars of power, battery backup and air-conditioning equipment; and of course surveillance, biometric scanning identification and controlled access for all who physically enter the building itself.

Most ASP's purchase the rights to license the specific application software that they host from the actual software vendor. The ASP then "rents" the application(s) to its customers. ASP customers access the "rented" application from their remote location while the ASP operates and maintains the software and data center on the customer's behalf. Some ASP's also provide implementation, training and support of the hosted applications thereby offering a single point of contact for all customer interactions and a truly single source solution for their clients.

The "rent" ASPs customers are charged is usually a monthly subscription fee. Since they avoid large initial licensing fees, hardware procurement costs, and other resource expenditures practices can afford access to top-of-the-line applications which otherwise may not fit into their budgets. Instead of paying a large up-front bill to an EHR vendor, or borrowing \$30,000 to \$50,000 per physician, you'd pay the ASP a monthly fee that typically ranges from \$300 to \$800 per doctor.

This pricing fits well with the Return on Investment (ROI) formula which many EHR vendors tout. Time-wise, ROI's for the better EHR's systems are 3-5 years assuming the \$30,000 to \$50,000 per physician number mentioned previously. For reference, most of the ROI savings are from medical records staff and transcription costs as well as increased efficiency from access and transmitting information electronically and not limited to the paper chart and hardcopy document routing and



management. In the ASP model, knowing there is limited initial expense for procuring computer, printing and scanning devices, the ROI comes much sooner with some practices realizing breakeven or even cost savings within 3 or 4 months.

But ASP may not be the right or best solution for all practices. Some larger practices may already have significant investment in IT infrastructure and technicians on staff. Others are not comfortable with the concept of not “owning” the software license. Another concern is the ASP company itself. As you might expect there are some companies which purport to offer all the benefits of the ASP model but have not made the investment to host, manage, support and protect their client’s data so make sure you do proper diligence on prospective ASP vendors, their hosting facilities and their financial stability to provide the service and support you will need. Another concern is that not all software is built to run in an ASP setting and so speed and access can be limited or severely impacted.

As I stated earlier, there is no one size fits all but ASP is here, it’s happening and it may be an excellent way to implement and leverage technology to help your practice now and in the future. Ron Anderson is Director of Business Development for CHMB Solutions. Based in Escondido, CHMB provides billing services, revenue cycle management and ASP hosted technology applications for physician-based practices throughout California. CHMB is the only billing service endorsed by the San Diego County Medical Society.

.....

Mr. Anderson is a Certified Professional in Electronic Health Records (CPEHR) and Health Information Technology (CPHIT) and has served as co-chair of the MGMA Information Advisory Panel since 2002. Mr. Anderson is a past President of the California MGMA and was President of the San Diego MGMA in 2001 and 2002.

For more information on CHMB, ASP and EHR contact Ron at:

760.520.1340 or randerson@chmbsolutions.com