

# What's in IT for you: Providers can see the benefit of healthcare technology investment

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The paper document era is coming to an end in long-term care. Before long, providers will have no choice but to transfer their manual processes onto an electronic platform. The federal government is insisting on it.

Though the 2013 deadline for electronic health records (EHRs) is still a few years away, skilled nursing and assisted living organizations will be expected to have an EHR infrastructure in place and ready to go. Many facilities have already computerized some of their functions, so the progression to complete automation makes good business sense, said John Sheridan, president and CEO of Cleveland-based eHealth Data Solutions.

"The owners of the larger chains are responding now and using more sophisticated records systems for providing care to the residents while some of the more forward-thinking smaller owners are also getting ready," he said. "Unfortunately, some facilities are forced by inadequate reimbursement to continue using paper. But the state of technology in long-term care is great. The ability to pay for the technology is still in question and higher reimbursement, especially for Medicaid residents, is absolutely needed."

Others are less impressed. With an expert background in the financial services industry, Peter Fugaro, president of Greensboro, NC-based Prymak, said he is amazed at "the lack of technology" in the long-term care sector.

"We are baffled to see the absence of state-of-the-art automation in facilities," he said. "We continue to struggle to find facilities that see technology as a strategic asset and as a way to curb costs and drive revenues. Our hope is that once the healthcare landscape in Washington gets stabilized, facilities will look into technology as way to meet new requirements."

Conversely, Tom Fahey, president of Farmingdale, NJ-based HCS, said he has seen "huge investment from the provider community," including staff resources to evaluate workflow and ensure successful implementation.

"The current trend we are seeing is projects driven from the top down and throughout the organization," he said. "The comprehensive organization approach really allows the power of an integrated solution to reduce duplication of efforts, increase communication, improve care and get the true reimbursement rate without fear of take-backs."

## Eyeing ROI

An electronic platform capable of supporting EHRs advances beyond some of the current piecemeal systems designed for claims processing and other administrative functions. Sophisticated "enterprise-wide" models have capabilities that include electronic charting, physician order entry, clinical assessments and vital sign monitoring. The key feature is the ability to interface with other provider entities, such as hospitals, diagnostic labs, radiology and physician clinics.

While it's true that IT investment represents a traditional barrier to adoption, long-term care facilities may be eligible for a portion of the \$20 billion in funding from the American Recovery and Reinvestment Act of 2009 to help defray the cost. The other financial incentive is return on investment, which can manifest itself in multiple ways for facilities, IT specialists say.

"Any infrastructure investment must have a tangible ROI in order to get board approval in most organizations," Fahey said. "However, with the push for EHR adoption across all providers, long-term care facilities will need to differentiate themselves and make greater availability of electronic clinical information from their referral and discharge organizations. Therefore, industry pressure in addition to greater efficiency will lead toward further adoption of clinical information systems."

Fugaro added that determining ROI "takes careful and methodical analysis" and that "most leaders are so busy just trying to keep their facility above water that ROI becomes an afterthought and technology decisions are made based upon initial costs, gut feelings and previous experiences."

Not performing proper ROI due diligence can cause facilities to have problems down the road, he said.

"The fact that a system worked at one facility does not guarantee success," Fahey said. "The only way to know that ahead of time is to clearly document what the needs are, what the current process is, where the current process fails, where the overhead is too great— then see how a technology solution will solve those problems."

## Measurable returns

Sheridan contended that clients can achieve up to a 180% ROI, depending on where assessments demonstrate need.

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"Savings begin with a thorough initial MDS assessment," he said. "An accurate assessment helps assure that treatment is appropriate and not wasteful. Targeting the resources available to where reimbursements attain benefit for residents generates savings across the system; then it is a matter of documenting activities and getting credit for the care they provide."

Brandi Smith, manager of marketing programs for Minneapolis-based PointClickCare, called ROI important in long-term care system evaluation because "it allows providers to gain an understanding of measurable benefits from technology investment."

To demonstrate the type of ROI benefits that organizations can receive, Smith pointed out that the company's electronic medication administration module saved one facility 4,745 nursing hours per year—equal to two full-time nursing positions annually. By integrating clinical, MDS and billing information together, another facility saved 500 labor hours in a year, she said.

Another labor-related benefit of automation is improved staff morale, said Julie Natzke, marketing communications manager for St. Louis-based MDI Achieve. Chronic staffing shortages have put undue stress on overworked personnel in paper-heavy environments, she said, because of the extra documentation required on top of regular duties.

"This scenario has led to increased turnover, causing facility operators to constantly interview, hire and train staff, increasing their overall labor and operating costs," Natzke said. "Implementing an efficient system that provides a clear benefit to the end user allows staff to complete their documentation tasks and allow more time for direct resident care, keeping business costs in check while boosting staff morale."

Reduction in outstanding levels of accounts receivable days also impacts ROI, said Greg Goodale, marketing manager for Ozark, MO-based Healthmedx.

"The highest level of actual dollar savings comes from A/R reductions upwards of 30%," he said. "Streamlined billing tied to appropriately documented care makes these savings easy to realize."

## Ahead of the pack

Although automation may be largely absent from long-term care, it isn't non-existent. Providers such as American Baptist Homes of the West have made great strides in adopting electronic systems. Now in the fifth year of deployment, clinical services director Jean McGill said IT has revolutionized culture, operations and care.

McGill helped launch the IT initiative in August 2005 after coming to long-term care from the acute care sector.

"I was amazed at the sheer amount of documentation required in long-term care," she said. "The number of hours spent documenting is overwhelming; the day gets consumed by it. Our initial hope was that by streamlining this process electronically, we could get more accurate documentation while allowing nurses to spend more time at the bedside."

After an adjustment period, the quality of documentation improved immediately, McGill said.

"Our assessment revealed few staff members had even touched a computer," she said. "It was like teaching them a new language. Though documentation took a little longer at first, even at that point the quality improvement was there."

Currently nine of ABHOW's 10 facilities are automated and the IT system has evolved from electronic documentation to point-of-care technology and electronic medication administration records in three facilities.

Though McGill hasn't quantified an ROI dollar amount, she said medication administration time has been cut in half and that integrating clinical charts with billing has strengthened the documentation process considerably.

"It is totally different now and nobody wants to go back to paper," she said.

Despite the progress, however, McGill said more needs to be done before the organization is ready for EHR interfacing. Still, she is satisfied with where ABHOW is at this point.

"We still need to do more with interfacing, but it's an ongoing process," she said. "We feel like we're ahead of a huge majority."