

IN THE NEWS

The total cost savings from using information technology in healthcare may be disputed, but there's little doubt some savings would ensue. HR professionals should try to boost the use of electronic health records and e-prescribing in their local and regional medical networks, experts say.

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Digitizing Healthcare

By Tom Starnier

One major study, from the [RAND Corp.](#) , says that injecting information technology into the national healthcare-data quagmire will potentially save America \$77 billion annually.

Another major study says "no way." That new study, from the [Congressional Budget Office](#) , reports the IT benefits to America's healthcare cost savings have been greatly exaggerated.

Examples of how IT can be used to boost efficiency in healthcare could include computerized entry systems for physicians' orders for tests or medications; support systems for clinical decision-making; electronic prescribing of medications; and electronic health records and/or personal health profiles for easy access by employees and their dependents.

Who's right about the cost savings?

Well, both sides have their valid points, say experts, but for employers, no matter where the truth lies (and it is no doubt somewhere in between), using technology to try and shave healthcare costs shouldn't be ignored just because the CBO's view conflicts with that of the RAND Corp.

In fact, Helen Darling, president of the National Business Group on Health, a Washington-based group that represents the large employers' perspective on national health-policy issues, says that if you read both reports carefully, you will see that the two are not really at odds.

"Our view is that at no point, in all the material we put out about the RAND report, did anyone say just moving everything to digital files was going to save any money," says Darling. "What we have always said, and the CBO talked about it in its report, is that if you took all paper files and digitized them, nothing would be different. But the transformative nature of improving the processes would make things better, and that's where cost savings would occur."

The point, Darling says, and what CBO correctly reports, is that you can't count savings until you transform the business processes.

"This has turned more into a battle of headlines," she says. "But both sides on the issue have merit."

The CBO report questioned the estimated \$77 billion annual savings projected by the RAND Corp. analysis. However, the CBO report also said there are potential savings in specific situations, including improved technology combined with "broader reforms," which is what Darling refers to as improved business processes.

It's not just a cost issue.

For example, a recent survey of 500 physicians conducted by HaldyMcIntosh & Associates for the Southeastern Michigan ePrescribing Initiative (SEMI) showed that ePrescribing receives high marks from the doctors in the three-year pilot program.

Three-quarters of the doctors and their staffs who use the technology reported that it allowed them to practice safer and better medicine (which also translates into savings). In addition, nearly two-thirds (65 percent) of the physician ePrescribers reported at least one incident of changing a prescription

in response to a safety alert received through the system – a strong demonstration that ePrescribing can help prevent dangerous and costly adverse drug events.

SEMI is a broad coalition that includes large employers General Motors, Ford Motor Co. and Chrysler, along with the United Auto Workers and prescription-benefit vendors.

"In Minnesota, 65 percent of employees have access to electronic health records," says Minneapolis-based Cathy Tripp, a national practice leader and senior group and healthcare consultant at Watson Wyatt. "We have a few very large clinical systems, so that made it easier in this state."

Tripp says employers should look at where they can make a difference locally and regionally by encouraging employees to seek out medical providers who use technology, such as electronic health or medical records, e-prescriptions, etc.

Both Darling and Tripp point out that HR already knows how technology can dramatically boost productivity and reduce spending, based on solutions such as employee self-service.

"To a large extent, HR has already done it. So HR knows it can work," Tripp says.

David Neikrug, chief executive officer of Optimum Group, LLC, a New York-based firm that helps employers optimize benefits costs, says the biggest hurdles blocking the transformation of America's healthcare landscape via technology are cost and complexity – and as a result, the lack of real resolve in getting there.

According to the CBO, relatively few providers – as of 2006, about 12 percent of physicians and 11 percent of hospitals – have adopted health IT.

"If the whole system was electronic," Neikrug says, "it would free up time. Providers could make better decisions. Everyone would be more productive.

"Even if we could get e-prescribing to work on a national basis, it would solve a lot of issues. But unless you mandate it, it will be very difficult to achieve because of the cost and complexity of our current situation systems-wise," he says.

To that point, the CBO analysis does say there could be savings if the federal government mandates IT in healthcare by penalizing providers who don't adopt specific e-solutions.

"Microsoft and Google are involved with [electronic health records], and that's great, but where does it get us?" Neikrug says. "You have to hold people accountable in using the tools. If there isn't a strong financial motivation, why would a provider do it?"

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