



Business Advisors for the Healthcare Industry

# EHR to EHR Conversions When, Why & How

Navigating EHR Mergers, Acquisitions and Dissatisfactions

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Presented by:

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# Agenda

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- Current State of the Market
- Navigating EHR Mergers & Acquisitions
  - Merging practices/hospitals of different EHRs
- Navigating EHR Dissatisfaction
- Future Proofing HCIT Investments
- Summary

# Current State of the Market

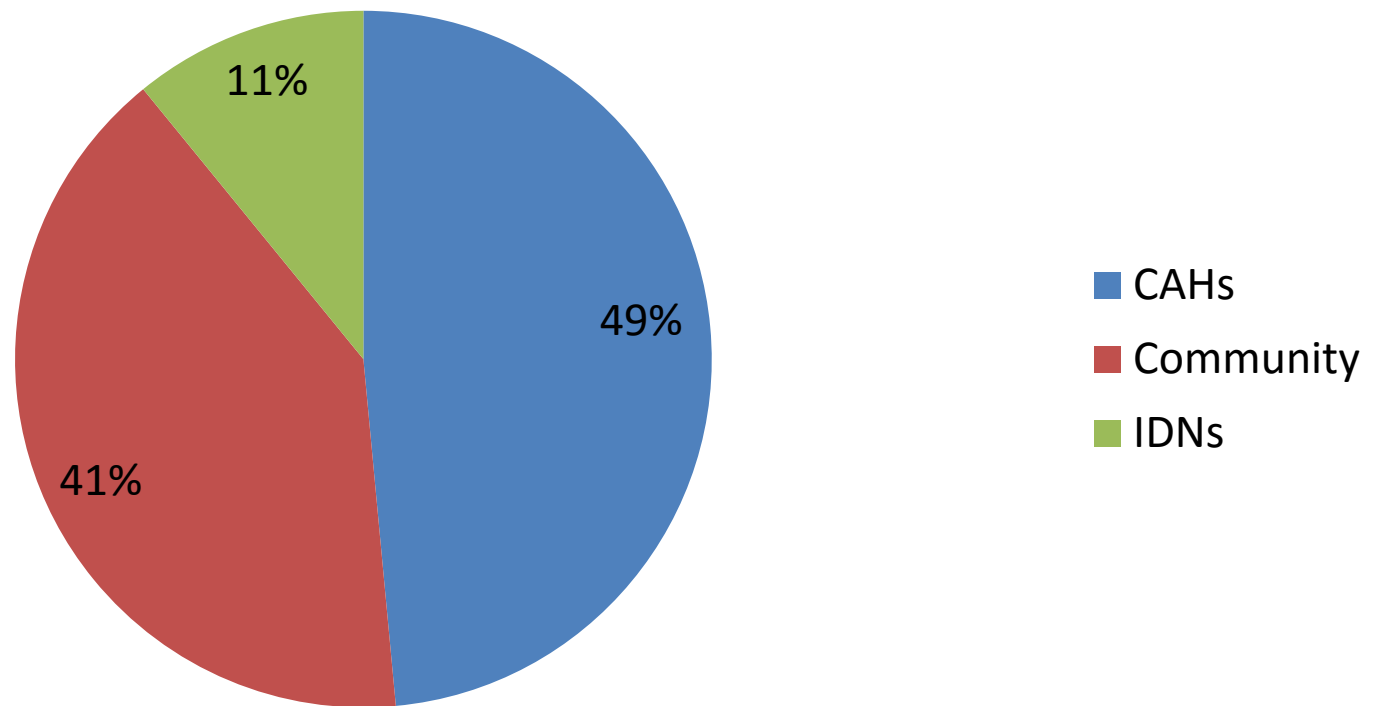


# EMR Market for Hospitals- Top Companies

- Athena Health (Acquired RazorInsights and Harvards WebOMR)
- Allscripts (Eclipsys, end of life)
- Cerner
- CPSI
- Epic Systems
- eClinicalWorks (Ambulatory Only, but popular bolt-on)
- GE Healthcare
- HCS EMR
- Healthcare Management Systems
- Healthland (Now CPIS)
- McKesson
- Meditech
- NextGen (Discontinued inpatient)
- Quadramed
- Prognosis
- RazorInsights (Now Athena)
- Siemens Medical (Now Cerner)

# The Market Size (Buyers)

## Hospitals

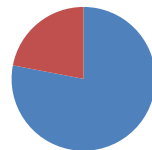


Approximately 5000 hospitals

# CDC EHR Adoption Stats...

- In 2015, 78% of office-based physicians used any type of electronic health record (EHR) system, up from 18% in 2001.
- In 2015, 48% of office-based physicians reported having a system that met the criteria for a basic system, up from 11% in 2006.
- In 2015, 69% of office-based physicians reported that they intended to participate (i.e., they planned to apply or already had applied) in "meaningful use" incentives.
- From 2010 (the earliest year that trend data are available) to 2013, physician adoption of EHRs able to support various Stage 2 meaningful use objectives increased significantly.

## Adoption Rate for Basic EHR



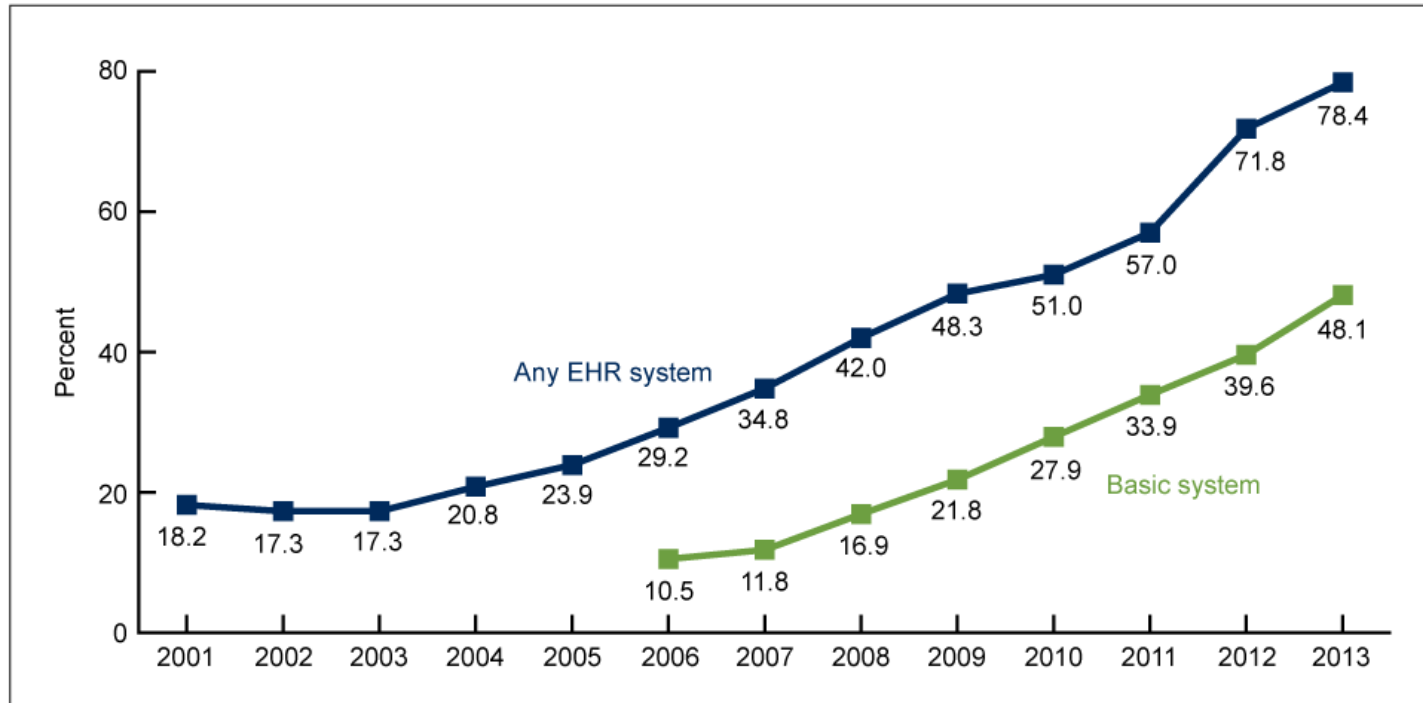
- Basic EHR
- Paper

## Complete EHR



# EHR Adoption Rate

Figure 1. Percentage of office-based physicians with EHR systems: United States, 2001–2013

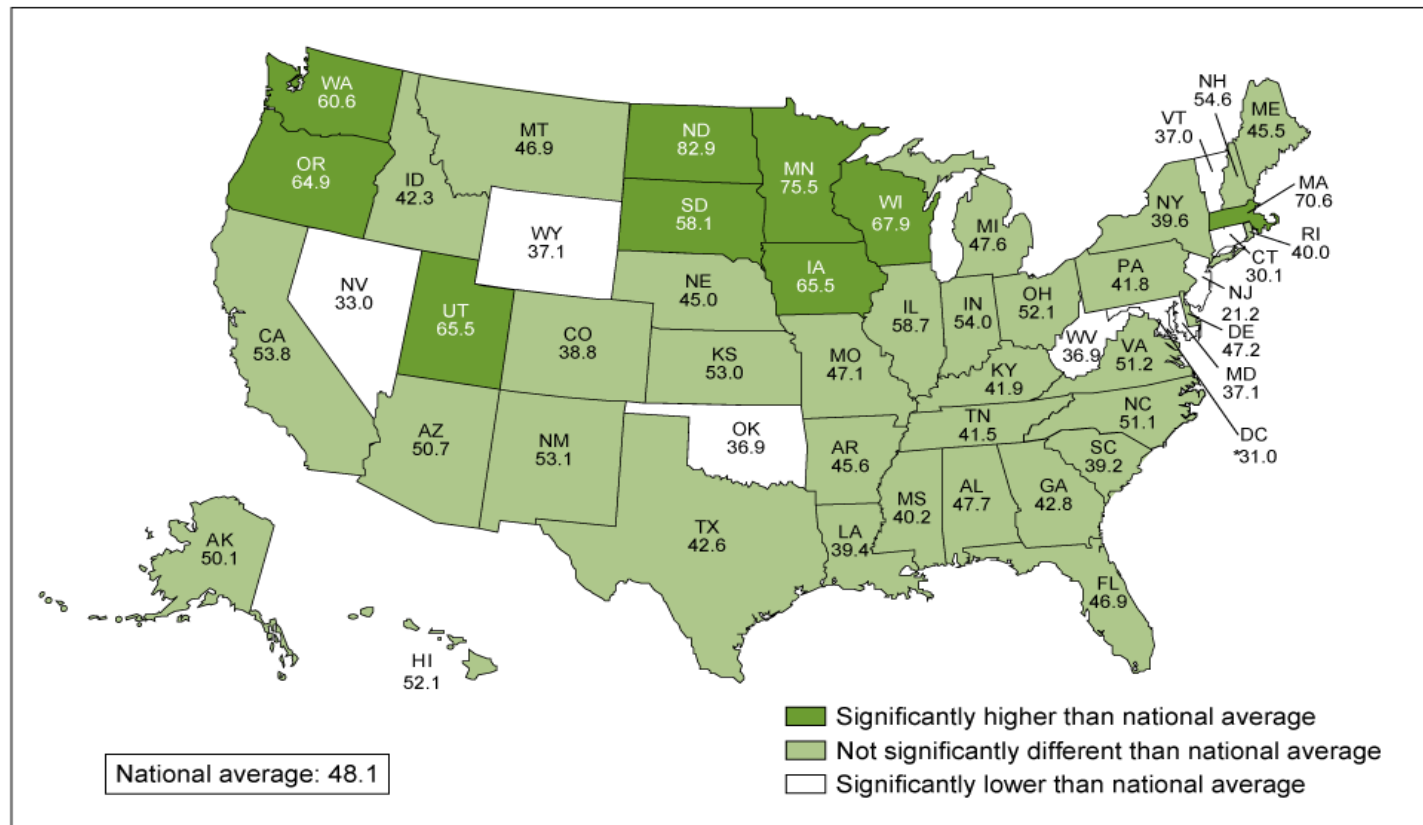


NOTES: EHR is electronic health record. "Any EHR system" is a medical or health record system that is either all or partially electronic (excluding systems solely for billing). Data for 2001–2007 are from in-person National Ambulatory Medical Care Survey (NAMCS) interviews. Data for 2008–2010 are from combined files (in-person NAMCS and mail survey). Estimates for 2011–2013 data are based on the mail survey only. Estimates for a basic system prior to 2006 could not be computed because some items were not collected in the survey. Data include nonfederal, office-based physicians and exclude radiologists, anesthesiologists, and pathologists.

SOURCE: CDC/NCHS, National Ambulatory Medical Care Survey and National Ambulatory Medical Care Survey, Electronic Health Records Survey.

# Adoption by State...

Figure 2. Percentage of office-based physicians with a basic EHR system, by state: United States, 2013



\* Estimate does not meet standards of reliability or precision.

NOTES: EHR is electronic health record. Significance tested at  $p < 0.05$ .

SOURCE: CDC/NCHS, National Ambulatory Medical Care Survey, Electronic Health Records Survey.



# US Physician Population\*

	1990	1995	2000	2015
<b>Total Physicians</b>	615,421	720,325	813,770	941,304
<b>Hospital-Based</b>	142,875	154,856	157,032	169,337
<b>Residents / Fellows</b>	92,080	96,352	95,725	98,688
<b>Full-time staff</b>	50,795	58,504	61,307	70,649
<b>% of total - full-time staff</b>	8.3%	8.1%	7.5%	7.5%
<b>% growth in Hospital-Based</b>		8%	1%	7%
<i>Physicians by Activity, 1975-2015, p. 406</i>				
<i>AMA and The Coker Group, 2015</i>				

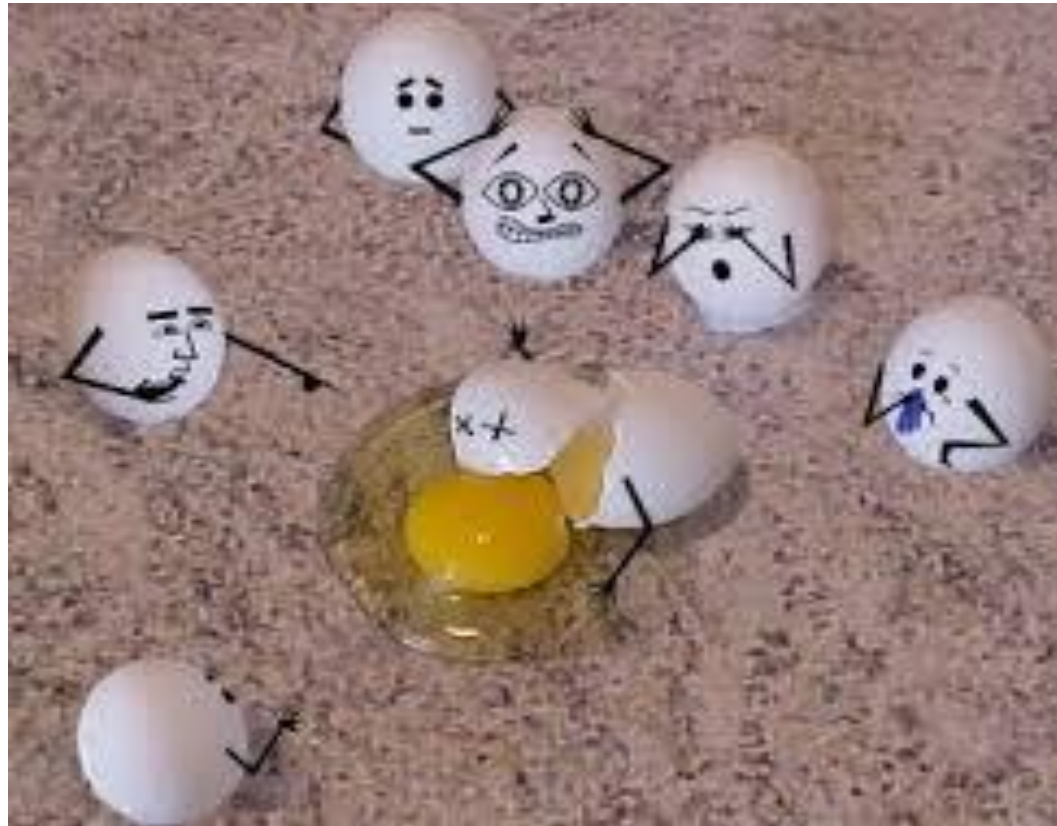
\*This data was included to reflect the updated number of practicing physicians in the US.

# Market Share Claims (By Vendors)\*

Vendors	Acquired products & solutions	Market Share Claims by total Number of providers
Epic	NONE - 100% organic	150,000
GE	Millbrook, Logician, IDX FlowCast, IDX GroupCast, IDX CareCast, EDI - Company claims to have 20% of the ambulatory market	148,000
Sage	Medical Manager, Emdeon, PCN, Verses	107,000
McKesson	Horizon, Practice Partners, MediSoft, RelayHealth	129,000
Misys/Allscripts/A4	HealthMatics, Compusense, Medic, Tiger, Vision, TouchWorks, ImPact, PenChart. Company claims 1 in every 3 physicians use one of their products/solutions	247,000 (reported) 200,000 (actual)
NextGen	Originally 2 products (10 years ago), mostly organic - both products have been fused together	50,000
eClinicalWorks	NONE - 100% organic - Single version solution	20,000
Greenway	NONE - 100% organic - Single version solution	4000
LSS Data Systems	NONE - 100% organic - Single version solution	
athenahealth	NONE - 100% organic - Single version solution	17,000
Cerner Ambulatory	Several (VitalWorks consisted of several legacy products)	37,000
e-MDs	NONE - 100% organic - Single version solution	7000
Practice One	N/A	5000
MED3000	VAR - Non-applicable	NA
Henry Scheine	Medical Supply company (Acquired vendor)	NA
HealthPort	Formally Companion	4000
Others (35+)	There are 35 additional CCHIT vendor not considered here	?
	<b>TOTAL</b>	<b>925,000</b>
	<b>Estimated Actual</b>	<b>675,000</b>

*\*This data was included to show the differences between vendor claims and market share realities reflected in Coker's data.*

# Navigating Merges and Acquisitions... When Several EHRs Collide



# Two Types of Mergers...

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- Vendor Driven
  - To gain access to market share
  - To gain access to customers
  - To gain access to modern technology
  - To gain access to missing modules
- Health System Driven
  - Consolidation
  - Physician Employment

Most misleading statement in business...

*“Nothing will change after the merger.”*

- Should you worry...
  - Will your installed product be discontinued or replaced?
  - What are the advantages and disadvantages?
  - How does your contract address an event such as a merger or acquisition? (Most don't)

## **Oh no! – We now have multiple EHRs...**

- The decision to merge is often made before understanding the impact IT consolidation
- Not determining the preferred EHR can become emotional if done after the merger
- Factors such as personal preference are not always the best choice

# We are Going to Merge...

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## What is most critical...

Once an M&A is proposed, there are two separate yet equally important steps to go through:

1. The diligence phase - This is the last chance to call off the M&A before both sides commit, both sides should be looking for red and yellow flags that suggest the integration will be harder than expected (and budgeted for). Conversely, the acquiring company can also be looking for positive reinforcement to remind everyone why the merger or acquisition seemed like a good idea in the first place.
2. The planning phase - The goal of the planning phase is to start the daunting task of integrating two (or more) IT eco systems into one enterprise platform.

Vendor's rarely inform their clients in advance of a merger.

Assume nothing, especially claims that data can be merged/migrated without any compromises.

# If Merging with another hospital or acquiring – Picking the EHR of Choice...

- Factors...
  - Which EHR is the most modern
  - Which EHR is the most cost effective
  - Which EHR is the most physician friendly
  - Which EHR has the most advance integration (PM, Devices, LIS, PACS)
  - Which EHR can support data migrations
  - Which EHR is the most compliant
    - ✓ ICD10 / MU Certification / HIEs / Sec
  - Which EHR has the best roadmap to mee practice/hospitals
    - ✓ ACO
    - ✓ Pop-Health
    - ✓ Analytics
    - ✓ Care Coordination
    - ✓ Patient Portal / Communications





# Picking the EHR of Choice (Cont'd)...

- Go-Forward Options
  - Pick one of the existing EHRs as vendor of choice
  - Rip and replace with new vendor
  - Transition over time
  - Co-exist
  - Go back to paper (not likely)



# Picking the EHR of Choice (Cont'd)...

- Pick one of the existing EHRs...
  - Best if determined before the merger
  - Easy if everyone agrees
  - What are the data migration options
  - Consider the decision factors previously discussed



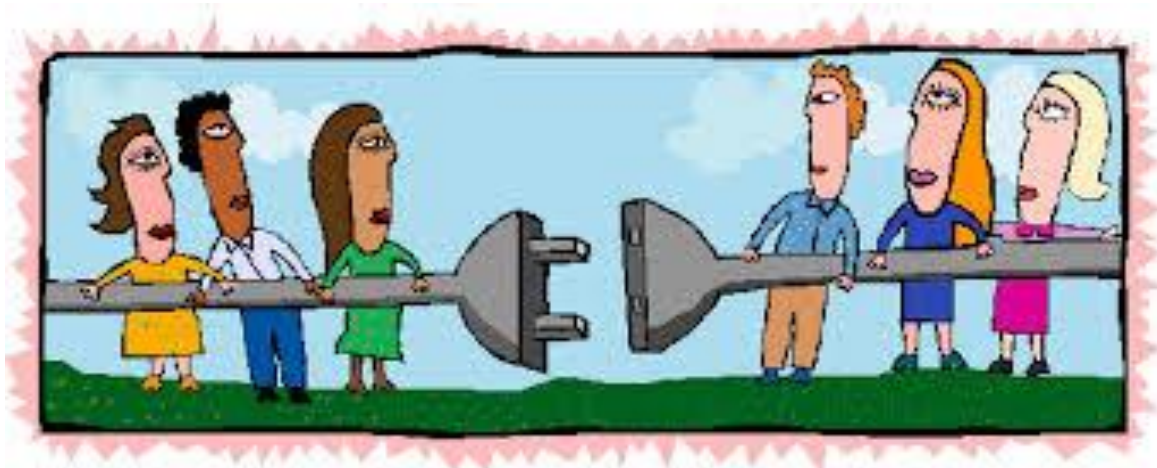
## Co-Existing EHRs

### Pros

- Less Disruptive
- Allows for transition time
- Ride out existing contracts

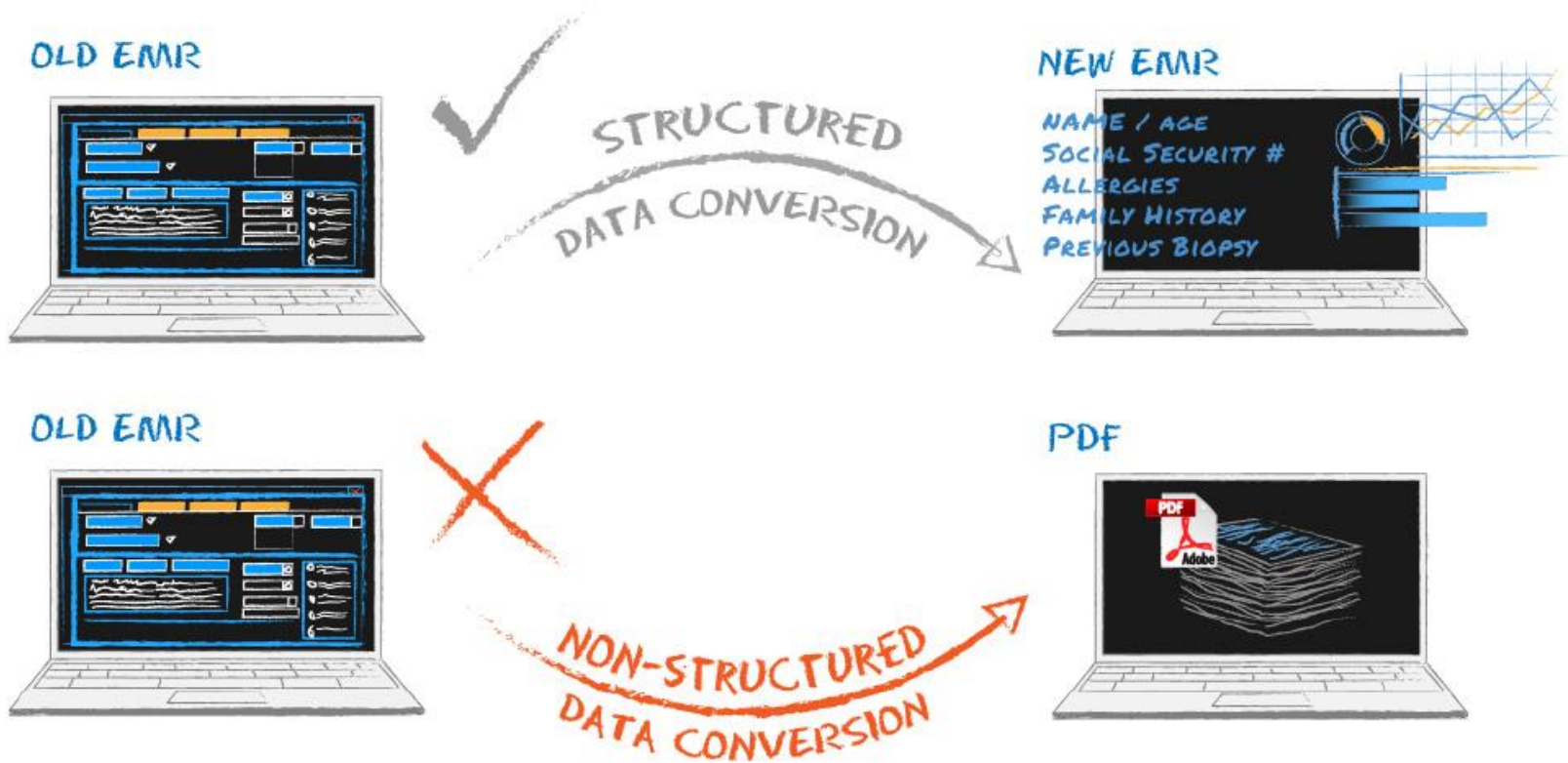
### Cons

- Delaying the inevitable
- Duplication of cost, efforts and support
- Can create unwanted liabilities
- Complicated and confusing for staff



# Data Migration Options

## Structured vs. Non-Structured



# Common Pitfalls...

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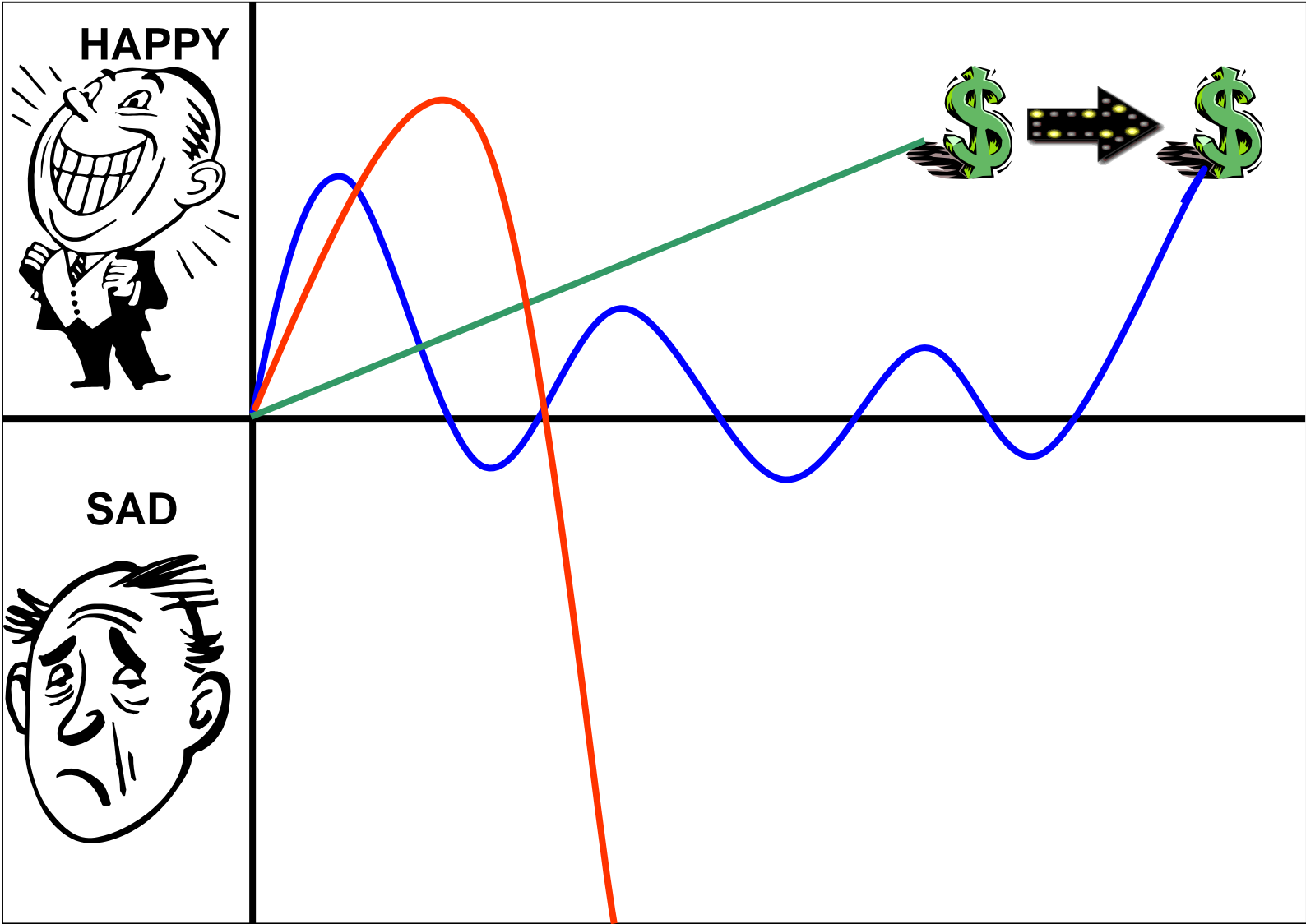
- Resist assuming size matters. Just because one EHR system has a larger footprint, it does not mean it will be the best choice for everyone.
- Picking the EHR of choice without objective input. Consider working with someone who has no ax to grind to make an independent assessment of the IS operations/systems at each entity.
- Don't get emotional and keep an open mind.
- Understand the termination language for each EHR contract before making any final decisions.

# Dissatisfaction Buyers Remorse



# Implementing Technology

## The “Happy” / “Sad” Analysis

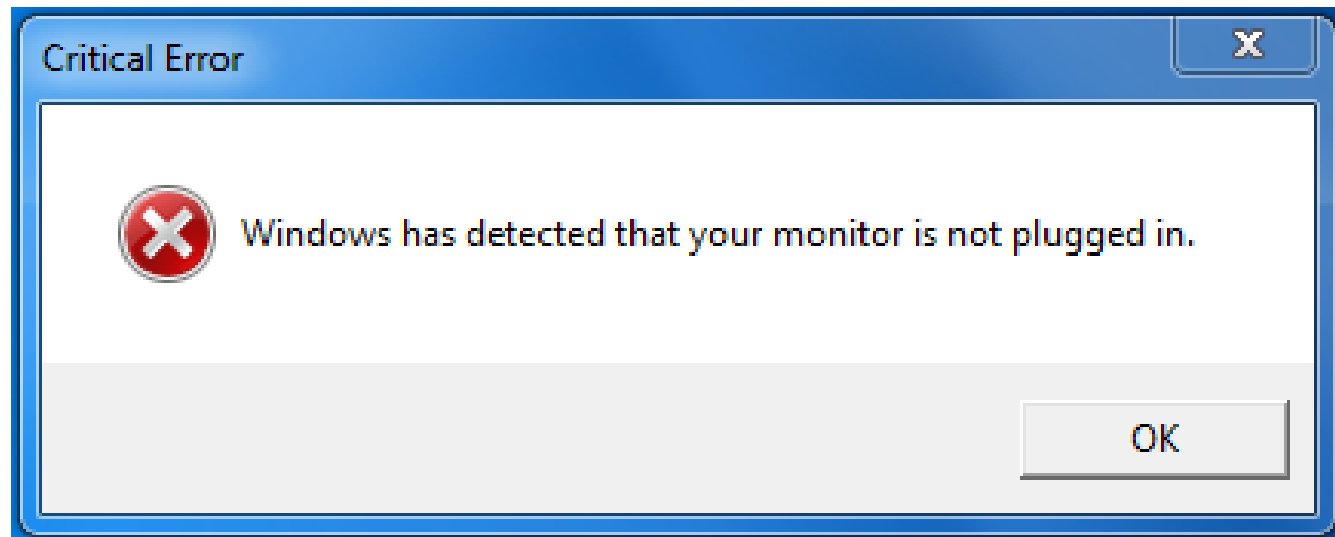


# When EHRs Typically Fail or Get Discontinued...

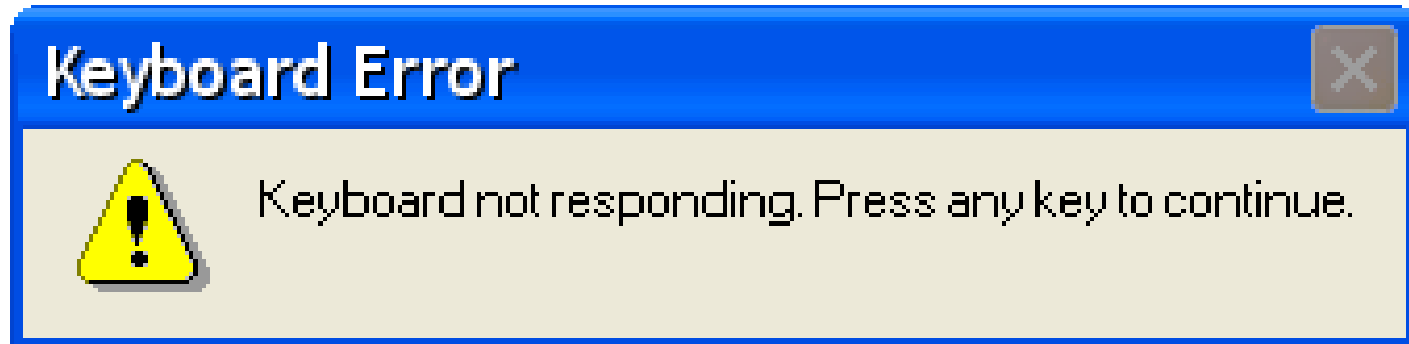




# Possible Causes...



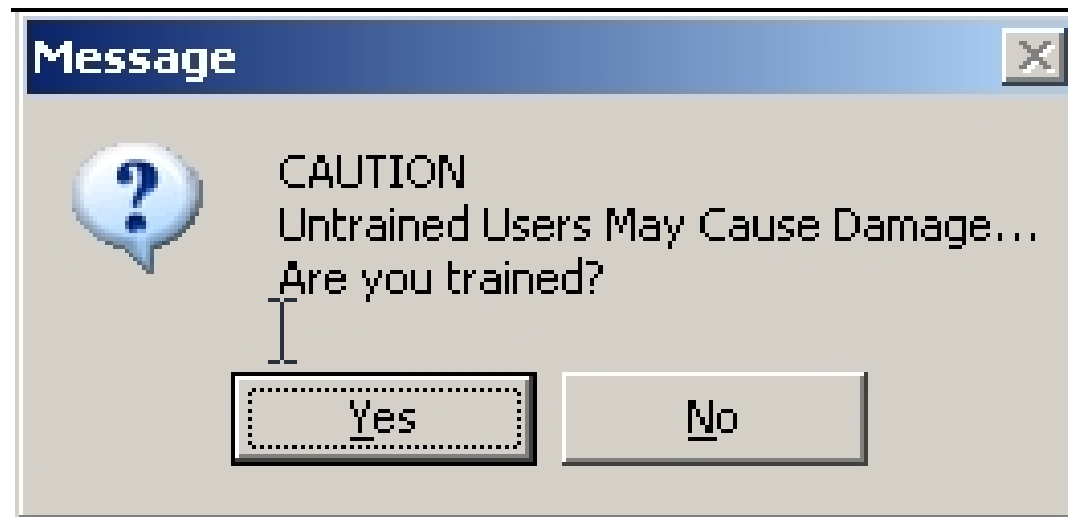
# Possible Causes...



# Possible Causes...



# Possible Causes...



# Possible Causes...



# Why EHRs Fail

System did not contain specialty-specific content

System created prolonged threat to physicians' productivity

System was missing critical modules

Training time allocated by practice was insufficient

Trainer was unqualified

# Why EHRs Fail (Cont'd)

Implementation was flawed

Practice did not commit proper resources/time to project

Infrastructure, network and/or hardware were inadequate

Vendor over-promised and/or under-delivered

Vendor discontinued product or stopped supporting system

- Even if the vendor is at fault, it is *your* problem - - and it is a *serious* problem!
- Don't "attack" vendor as this will not enhance desire to resolve issues
- Present the facts, suggest some options, ask for their input—give them a deadline for resolution (stay firm, but professional)
- Ask for examples where the problem does not exist for other clients
- Engage experienced HIT consultant if necessary



# Should You Replace Your EHR?

Can the issues be resolved through remediation?

Can the issues be resolved with technical improvements?

Is vendor being responsive and concerned about the issues?

Does the practice bear some responsibility for the failure?

Has the product or version been commercially discontinued?

# Future Proofing HCIT Investments



# What To Negotiate Over

- Initial costs
- Hardware cost
- Software cost
- Communications cost
- Installation cost
- Ongoing support cost
- Implementation cost
- Support cost
- Technical support cost
- Integration cost
- Interface cost
- Entitlement to new releases/bug fixes
- The cost of tailoring
- Future upgrades and releases (This should always be at no additional cost)



# Modifying The Contract

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- Source Code
- Acceptance Period (Hardware & Software)
- Implementation Caveats
- No Front Loading of Support Fees
- No Front Loading the purchase terms
- Assignment
- Future Upgrades and New Releases
- Copyright infringements
- Warranties
- Termination
- Future providers and fees (Recurring cost)
- Free Contract Inspections for Members

## Five Stages of EHR Adoption

# 1<sup>st</sup> Stage: Denial

- Occurs from time of purchase until first few days of go-live.
- Sees only benefits of EMRs.
- Denial of any difficulties.



# 2<sup>nd</sup> Stage: Anger

- Typically lasts one month.
- Angry because of reduced patient volumes.
- Staff upset with new system.



# 3<sup>rd</sup> Stage: Bargaining

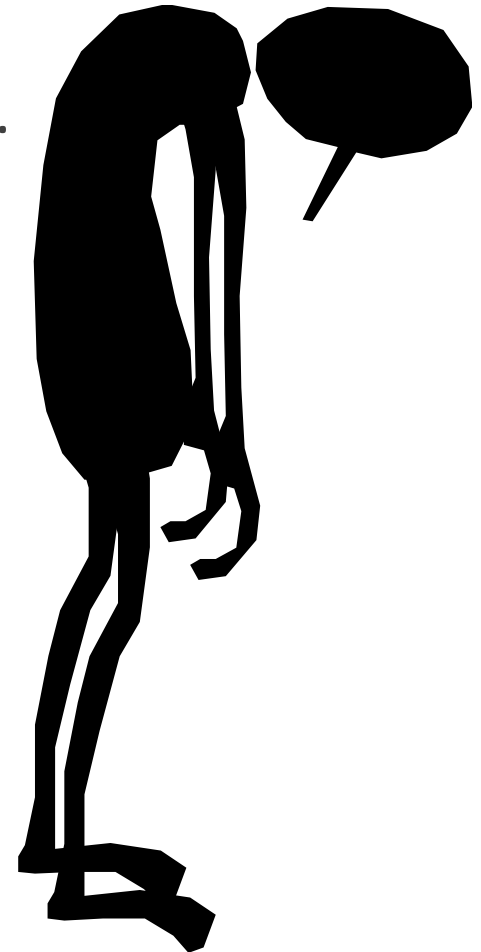
- Lasts 2 - 4 weeks.
- Plead with vendor to make program work.
- Will do anything.





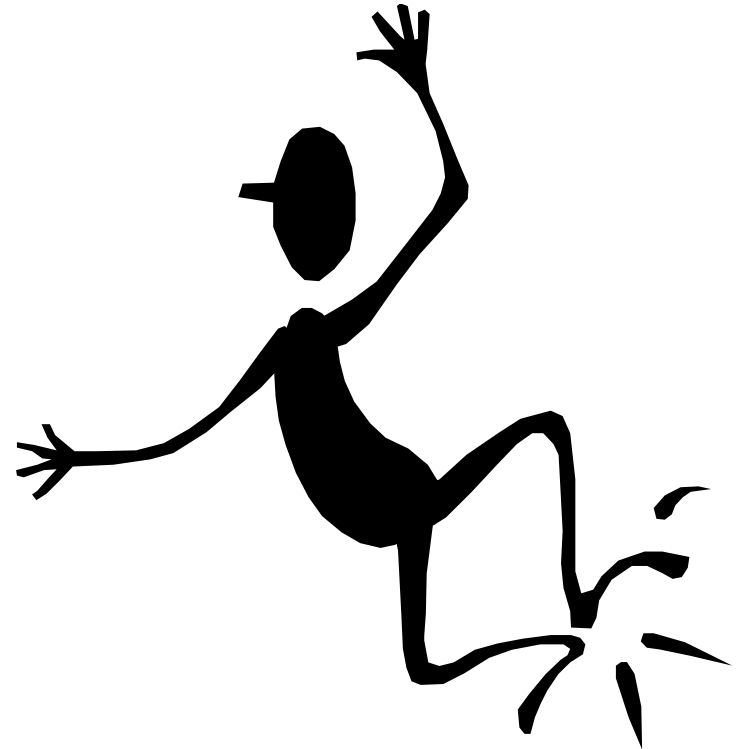
# 4<sup>th</sup> Stage: Depression

- Lasts 3 - 6 months.
- Assume program will not work.
- Can't abandon it since it costs so much.



# 5<sup>th</sup> Stage: Acceptance

- It all starts to fall into place.
- See benefits from the system.
- You and everyone else lives happily ever after!
- Cause for celebration.



# Thank You!

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