


17th Annual Ambulatory Surgery Center Conference

Building a Business Case for
Electronic Medical Record
Systems




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Discussion Preview

- Topics NOT being addressed
- EMR Definition
- Identify Predictable Cost Elements
- Identify Areas of Potential Savings
- Validate a Return on Investment
- A Buyer's Perspective

What the Discussion WON'T Cover

- How to Evaluate EMRs
- Meaningful Use
- Clinical Advantages of EMRs

Terminology

- **Electronic Medical Record – EMR** - Point of care, electronic clinical documentation using discrete data
- **Electronic Health Record – EHR** - A repository of patient care data which is interoperable throughout the spectrum of healthcare – physicians, hospitals, payers, etc
- **Electronic Documentation Management – EDM** - An electronic archive of static clinical records
 - Scanned Images
 - Computerized Medical Records – Documents created using word processing programs and saved as a PDF

Identify Your Costs to Implement

EMR Software Acquisition – Understand Your Pricing Options

Rule of Thumb: Software acquisition typically represents less than 1/3 of your Year One EMR implementation spend.

License Model – You Own the Software

- Upfront Costs
- Support Fees

Software as a Service (SaaS) – You Rent/Lease the Software

- Upfront Costs
- Recurring Monthly Fees

EMR Hardware Acquisition – To Host or Not to Host

Self Hosting

- Server
- Workstations / Tablets
- Wireless Network
- Scanners

Self Hosting

- Monthly Hosting Fees
- Broadband Internet Connection
- Workstations/Tablets
- Wireless Network
- Scanners

Software Acquisition Cost Assumptions:

- License Model – As Opposed to SaaS
- 3 OR Facility Performing 3,000 Cases Per Year
- Clinical Labor – \$25.23 Per Hour
- Business Office Labor - \$15.00 Per Hour
- 90 Day Software Implementation

Software Acquisition Costs	Cost	Recurring Fees
Software License	\$75,000.00	\$15,000.00
Customization (5% of Total Cost)	\$3,750.00	N/A
Soft Costs of Implementation		
Cost of Labor during Implementations		
Clinical Labor - \$25.23 Per Hour X 20 Hours per Month for 3 Months	\$1,513.80	N/A
Business Office - \$15.00 Per Hour X 20 Hours per Month for 3 Months	\$900.00	N/A
Short Term Case Volume Disruption - 10% Drop for 3 Months - Assumes \$1,700 per case	\$12,750.00	N/A
Total Software Costs	\$93,913.80	\$15,000.00

Hardware Acquisition Cost Assumptions:

- Self-Hosting as Opposed to SaaS
- 3 Devices Per OR and 1 "Floating" Device
- Yearly Maintenance Contract

Hardware Acquisition Costs	Cost	Recurring Fees
Server	\$10,000.00	N/A
Workstations and or Tablets - \$2000 x 10	\$20,000.00	
Maintenance Contract		\$6,000.00
Scanners & Printers	\$3,000.00	
Wireless Network	\$8,000.00	
Total Hardware Costs	\$41,000.00	

Total Year 1 Acquisition Costs for EMR

Total Acquisition Costs - Hardware & Software	\$134,913.80
Total Maintenance Costs - Hardware & Software	\$21,000.00
Total Year 1 Spend	\$155,913.80

1st Year Savings Calculator

Assumptions:

- Business Office Labor = \$15.00 Per Hour
- 3,000 Cases Per Year
- 3 OR Facility
- 21 Operating Days Per Month
- "There are Hard Costs That Go Away"
- "There are Soft Costs That Go Away"
- We Will Not Include Any Clinical Staff Savings

Total Year 1 Hard Cost Savings

Hard Costs Associated with Paper Medical Records	Quantity Per Case	Unit Cost	Per Case Cost	Monthly Fees
Chart Materials				
Dividers & Tabs	10	\$0.10	\$1.00	N/A
Chart Folder/ Cover	1	\$1.00	\$1.00	N/A
Pre Printed Forms	15	\$0.13	\$1.95	N/A
Total Materials Per Case			\$3.95	N/A
Hard Costs Associated with Paper Medical Records	Quantity Per Case	Unit Cost	Per Case Cost	Monthly Fees
Document Security				
Shredding	N/A	N/A	N/A	\$175.00
Storage	N/A	N/A	N/A	\$300.00
Total Monthly Fees for Document Security				\$475.00
Total Materials Per Year (3000 Cases)				\$11,850.00
Total Document Security Per Year (\$475 x 12 Months)				\$5,700.00
Total Yearly Hard Costs - Paper Medical Records				\$17,550.00

Total Year 1 Soft Costs for Paper Medical Records

Soft Costs that "Go Away" with E.M.R.	Daily Hours Spent	Cost Per Hour	Total Daily Cost
Hours per Day Preparing Chart - Business Office Personnel	25.00	\$15.00	\$375.00
Chart Pack Assembly			
Collating			
Document/ Chart Retrieval			
Copying/ Faxing			
Total Monthly Cost - Assumes 21 Operating Days	\$7,875.00		
Total Yearly Costs	\$94,500.00		

Cost Summary

EMR Costs	Cost Year 1
Software & Hardware Acquisition	\$134,913.80
Software & Hardware Maintenance	\$21,000.00
Total Year One Costs	\$155,913.00

Paper Chart Costs	Cost Year 1
Materials	\$11,850.00
Document Security	\$5,700.00
Business Office Labor	\$94,500.00
Total Year One Costs	\$112,050.00

Return on Investment Analysis

Year One

Chart Management Method	Cost Year 1
Total EMR Costs	\$155,913.80
Total Paper Records Cost	\$112,050.00
Total Year One Savings	-\$43,863.80

Year Two

Paper Chart Costs	Cost Year 2
Total EMR Costs	\$21,000.00
Total Paper Records Cost	\$112,050.00
Total Year One Costs	\$91,050.00

Year Three

Total 3 Year Savings	\$138,236.20
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Return on Investment “Pay Back” Schedule

Assumptions

- Upgrade Hardware by 10% of Original Spend
- Software Maintenance Increase of 3%
- No Staff Raises or Supply Cost increases

Monthly Cost Summary - Months 13 -24	EMR	Paper
EMR Maintenance Per Month - \$21,000/ 12 Months	\$1,750.00	
Hardware Upgrades - \$4,000/ 12 Months	\$290.00	
Software Support Increases - \$15,000 X 3% = \$450/ 12 Months	\$37.50	
Paper Chart Cost Summary (\$112,050/ 12 Months)		\$9,337.50
Monthly Totals	\$2,077.50	\$9,337.50

Return on Investment “Pay Back” Schedule

	EMR	Paper
Month 12	\$155,913.00	\$112,050.00
Month 13	\$157,990.50	\$121,387.50
Month 14	\$160,068.00	\$130,725.00
Month 15	\$162,145.50	\$140,062.50
Month 16	\$164,223.00	\$149,400.00
Month 17	\$166,300.50	\$158,737.50
Month 18	\$168,378.00	\$168,075.00
Month 19	\$170,455.50	\$177,412.50
Month 20	\$172,533.00	\$186,750.00
Month 21	\$174,610.50	\$196,087.50
Month 22	\$176,688.00	\$205,425.00
Month 23	\$178,765.50	\$214,762.50
Month 24	\$180,843.00	\$224,100.00
