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Medical Information Technology

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Economic Crisis Will Change The Health Care Delivery System: How Can Your Practice Prosper?

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Every business, including medical practices, in America is buckling under the increasing costs of healthcare expenses. Year after year, health care costs grow faster than the rest of the economy, straining families, businesses, and government budgets. In 2008 the U.S. will spend \$2.4 trillion on health care, which is equal to \$7,900 a person, or 16.6 percent of the gross domestic product (GDP)! No industrialized nation in the world comes even close to the percentage of GDP America spends on healthcare! Despite the record spending there are 46 million Americans (and growing) without health insurance. Since the beginning of this recession in 2007 over 5.7 million Americans lost their job and the growing unemployment rate will further decrease the number of patients with health insurance. These patients are also unable to pay the high COBRA premiums to maintain their insurance coverage. Already, the seven largest commercial health insurers in Florida representing about two-thirds of the total commercial health plan enrollment report a loss of 190,000 enrollees during 2008. This trend will continue and accelerate. Furthermore, small businesses lack the negotiating clout needed to obtain favorable rates from insurance companies, and their inability to spread risk across a large group of employees means that the health problems of a single employee can drive premiums up to unaffordable levels. Small business owners and their employees' account for an estimated 27 million of the 47 million Americans without health insurance. Small businesses, including most medical offices, also face larger administrative costs for each employee covered. The percentage of Americans covered by employers dropped from 62 percent in 2003 to 59 percent in 2008, the equivalent of 8 million people losing coverage. And for tens of millions of Americans ineligible for Medicare, Medicaid, or another public program, no viable alternative exists to employer-sponsored insurance. ***This insurance conundrum combined with the economic downturn adversely affects the physicians practice too, decreasing cash flow and reducing operating margins.*** Furthermore, financial institutions tighten credit requirements and limit collateral loan options. Many medical practices are caught between a rock and a hard place struggling for financial survival. But let's not forget one simple truth: crisis breeds opportunity, and success favors the prepared mind.

So how can we move forward to meet those challenges? We must understand that medical information technology tools, such as

Electronic Health Records (EHRs), are a means to an end, not an end in and of itself! These sophisticated systems can **ONLY** enhance and optimize existing business process. That requires careful preparation and mapping of office and patient management workflow patterns, or to design and document such processes. Experience has taught me that in the absence of such thoughtful preparation EHR applications will fail, often at a great financial expense creating huge fallout of anger and frustration.

In contrast, the skilled utilization of Electronic Medical Records allows us to measure the cost, quality and outcome of the services rendered. The emergence of pay-for-performance and quality reporting initiatives require sophisticated care delivery, data collection and reporting systems. The necessary technology investments required to meet the increasing standards can be shared within an integrated practice ranging from collaborative practice to a group practice model. The application of proven business management principles in medical offices can help doctors to work smarter and NOT harder. For example, custom report functions allow you to identify those patients requiring overdue laboratory testing, or who should undergo preventive screening. Furthermore, medical supply and human resource management can reduce unnecessary expenses and optimize your staff allocation. Above all, integrated practices utilizing EHRs as a "virtual nervous system" can assess and evaluate the performance of medical services rendered and increase value-based reimbursement. Many of us are stuck in the daily routine and are afraid to change. Professional organizations will play a greater role to leverage the risk and assist the individual doctors along the process of change. If we do not adjust to the changing market now, others will enforce painful solutions. Let's be proactive and not reactive! Let's embrace technological solutions that fit your budget and grow your practice.

I look forward to reading your comments and suggestions on our blog at <http://miamimedblog.blogspot.com/> or send me a tweet at <http://twitter.com/dadedoc>.

Next month: Medical Practice EHR Solutions On A Tight Budget.

Disclosure: The author is a practicing family physician, addiction specialist and computer consultant. In addition, he is a founder and managing partner of VirtualMed, LLC (www.virtualmed.com)