The EHR Jungle: Survival of the Fittest

The government has more to say.

BY SHAREEF MAHDAVI

In all my years working with technologies to help ophthalmologists enhance their practice of medicine, I have never seen anything quite like the process of transitioning from paper to digital medical records. In my consulting practice, I have worked with several electronic health record (EHR) companies, most recently Medflow. I have gotten an inside look at the challenges facing practices as well as vendors in terms of meeting expectations for smooth and successful integration. It takes a tremendous amount of time, planning, and budgeting, not to mention comparing more than a dozen vendors selling software to ophthalmic practices.

POOR CUSTOMER SATISFACTION

According to the American Academy of Ophthalmology, about half (47%) of the ophthalmologists responding to a member survey indicated they have implemented or are in the process of implementing EHRs for their practices.[1] This number may be skewed, as a higher percentage of the larger practices with more resources have likely already switched, whereas smaller practices (of which there are many more in number) continue to use paper records. In the survey, increased productivity was reported by only 42% of users, and only 55% stated that they were willing to recommend an EHR system to a colleague. For other technologies with which I have been involved over the years, these statistics would be considered abysmal. In the case of EHRs, however, customers' overall satisfaction is taking a backseat to their practices' ability to remain independent.

"The number one priority for Medflow is to deliver a solution that allows physician practices to remain independent," said Jim Riggi, CEO of Medflow. "We lose business when eye doctors are forced to become employees of a hospital system. It is essential for independent physician practices to have an EHR [system] that provides integration with the health care community and compliance with initiatives like ICD-10 and Meaningful Use."

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The key driver in this equation is that neither the provider nor the vendor has a lot of say in the matter; instead, it is the notorious "third" party: our government. The impact of government regulations and requirements on the EHR process is formidable. The leverage the government has is equally huge, as it uses both incentives and penalties to force adoption by medical providers across all specialties. On the surface, this makes sense, and we might behave similarly if we were in the government's position.

THE JUNGLE LANDSCAPE

Beyond dollars, every practice needs to be extremely careful when selecting an EHR vendor for one simple reason: survival. Think of the hypercompetitive EHR vendor landscape as a jungle. There are two government requirements—in the jungle analogy, these would be more aptly described as "diseases"—that threaten to wipe out vendors, no matter how neat or appealing their software interface is to prospective physician customers.

ICD-10

The first threat is ICD-10. Every practice must begin using this new code set by October 2014. It is intended

to address the shortcomings of ICD-9 by expanding from 13,000 to 68,000 codes.[2] This applies to all coding and billing, regardless of whether the practice is using EHRs or paper charts. The new code set will require a change in the entire documentation process, from physician to scribe to billing personnel; it will replace the handy superbill with an electronic system to identify and use the right code in the new system. Most of the main EHR vendors for ophthalmology claim to be ready for this deadline for their customers[3]; current EHR users need to begin planning now and should consult their vendors for specific implementation timing.

Meaningful Use Stage 2

The second and more potent threat is adopting an EHR system that will not get you through Meaningful Use Stage 2. Stage 1 was relatively benign for practices; they simply had to attest that they had achieved the requirements. Stage 2, however, is proving to be much more difficult. Failing to meet Stage 2 requirements involves more than foregoing financial incentives provided by the government's Health Information Technology for Economic and Clinical Health Act. If a practice does not achieve the Meaningful Use requirements in a given year, penalties (in the form of reduced Medicare reimbursement) will be imposed 2 years in the future. For example, to avoid a penalty in 2016, a practice that implements EHRs in 2013 will need to achieve the government requirements this year. This condition will continue every year going forward.

THE VENDOR'S PERSPECTIVE

Although the pressure on eye care practices is intense, it is greater still for EHR vendors. One of the key metrics of a system's success is the number of customers who have attested to Meaningful Use as part of the process to receive incentive payments. As of December 2012, there were 472 EHR vendors across all medical specialties, but only a small fraction of them—the top 24 companies—account for 80% of all attestations to date. Just 19 companies had more than 1,000 attestations.[4] These figures represent reporting only for Stage 1. When the demands on EHR vendors are applied to ophthalmology, "the workflow for the eye care clinic is extremely difficult to adapt to the Stage 2 Meaningful Use requirements," Mr. Riggi said.

Why is it so challenging for vendors? According to Tera Roy, director of ophthalmology for NextGen Healthcare Information Systems, LLC, "It's about staying power. I've read that it takes about 100 midsized installations to keep an EHR vendor in business." She noted that this threshold of customer sites is important, because the ongoing service agreement revenue is needed to support the developers, trainers, and customer service personnel required to keep customers up to date on evolving requirements. For practices, vendor selection needs to incorporate this or a similar criterion around sustainability of the vendor.

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Small startup EHR vendors are caught in a difficult situation, regardless of what they offer. They need to sell and install systems at a large number of sites in order to achieve and sustain profitability of the business and to provide ongoing cash flow for operations. They are at a competitive disadvantage relative to established vendors in the market that have already dedicated the required resources.

According to Evan Steele, CEO of the EHR company SRSsoft, many vendors "will not survive in the long run. If [they are] lucky, they will be acquired by one of the large vendors.[4]"

CONCLUSION

A century ago, there were more than 1,800 car manufacturers, including steam and electric versions, in the United States. Today, there are four—the "big three" and Tesla Motors Inc. In the case of EHRs, the high bar of requirements for vendors will undoubtedly force consolidation within the industry. Practices that invested in EHR platforms from vendors that lack sufficient resources to keep up will likely find themselves in a second go-round of implementation. Indeed, it is a jungle out there. ■

Shareef Mahdavi is president of SM2 Strategic and section editor for Cataract & Refractive Refractive Surgery Today*'s "Premium Practice Today" feature. Mr. Mahdavi may be reached at (925) 425-9900; shareef@sm2strategic.com.*

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