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## Technology

# EMR: A Big Investment With an Excellent Return

Guest article — Second in a series

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## Don't overreact to price tag; users often see it pay for itself in 1 to 2 years

How much will it cost to implement EMR? And how much will you save?

The complex relationship between those questions has driven many physicians away from EMR, even though the return on investment usually makes EMR a sound financial choice.

Yes, but how much will it cost? Expect to spend between \$8,000 and \$20,000 per physician. That seems helpful, until you realize that \$20,000 is 250% of \$8,000. As Cleveland-based consultant Jack Valancy<sup>1</sup> put it in a recent issue of *Family Practice Management*, "Nothing about EMRs is straightforward, including the way they're priced."

## Cost and Return

For example, the number of system users certainly affects cost. Most systems charge per-user software license fees; so the more doctors you have the more you pay. But more users also spread the cost, lowering the cost per physician. For example, one doctor said that his practice spent \$60,000 to set up EMR in a three-doctor practice. Another spent about \$75,000 to outfit a nine-doctor group. Each group had to purchase licenses for all its doctors, but the second group didn't have to buy three times the hardware. They only needed enough EMR workstations to meet the needs of the doctors seeing patients at any given time.

How much you spend to upgrade or replace your hardware infrastructure greatly affects your final cost. Modern EMR systems require speedy microprocessors and plenty of RAM. For example, Medical Dictation System's Documentor™ requires a Pentium 4 Processor (or the equivalent) and 512 megabytes of RAM. (Editor's note: We priced such a network-ready system on the Dell website and it cost between \$1,200 and \$1,420, depending on additional software and warranty selection. We chose 3-year on-site next business day service.)

Of course, you'll also need a printer and scanner. If you already have good ones in your practice, they will probably serve just fine. If you need to purchase a new printer, higher-volume laser printers start at around \$700. Quality scanners start under \$300.

## Network Costs

Multiple EMR and related applications work best on a local area network (LAN). If you have an adequate client-server network in place, you won't have to spend what could easily total \$20,000 for a server and a

backup server. You may get away with adding a few hard drives that cost only a few hundred dollars each. Small practices may be able to implement EMR on a lower-cost peer-to-peer network and save on server costs.

If you must add workstations to your system, expect to spend about \$100 per additional workstation for any additional cabling or wireless networking.

If you do need to upgrade your network equipment, work with software vendors to identify the best hardware and network software at reasonable prices. Vendors will know which systems work well with their software and, more importantly, which may create problems with it.

## **Likely ROI**

When you add ongoing support, training and other costs, there's no doubt that installing an EMR system - with or without voice recognition software (VRS) - will cost some serious money. Valancy created a spreadsheet for calculating EMR cost - including ongoing expenses over five years - for *Family Practice Management* magazine. You can view it at <http://www.aafp.org/fpm/20020400/57howm.html>.

Fortunately, the evidence increasingly shows that purchasing a good system is a worthwhile investment in your practice. Many physicians first consider EMR because they want to reduce or eliminate their ongoing transcription expense or speed the turnaround of chart notes and referral letters.

Transcription expenses typically run between \$500 and \$1,000 per physician per month. As you eliminate transcription costs, those savings offset the system's cost. The VRS helps make the process more like the way physicians are familiar working with in their normal routines.

EMR also cuts chart retrieval costs. Typically it costs about \$3 each time someone on your staff accesses a chart. If a doctor sees 33 patients a day that's a savings of nearly \$100\day, \$500\week, \$2000 per month or \$24,000 a year from just this single task. While larger practices might actually cut staff, smaller ones will at least gain by shifting staff to tasks that boost practice efficiency or patient satisfaction.

## **Better Documentation, More Revenue**

Many doctors fail to capture charges because of poor documentation. Even if you performed certain work, you won't be paid for it if you don't document it.

Many practices using EMR see revenue improve because immediate documentation supports higher level E&M coding. Craig Yates,<sup>2</sup> President of Medical Dictation Systems says it's common for chart notes created in an EMR program to document higher level E&M visits. By completing the note immediately after seeing the patient and using an EMR system's document production templates, Yates said a physician can complete a Level 4 or 5 note in just two minutes.

The extra few minutes between appointments spent completing the chart note is frequently gained back at the end of the day when physicians don't have to review charts and sign off on their notes.

## **Other Productivity**

By utilizing an EMR system's document templates for common medical correspondence, referral letters can be on their way to referring physicians within a minute after the chart note has been dictated or otherwise input into the system. You can review and edit a dictated note, merge it into a referral letter document template and use the fax modem to send the finished document to the referring physician by

the time the patient leaves the parking lot.

EMR also facilitates prescription refills by reducing the time needed to access the information in a patient's record. The nurse handling refill requests can more quickly confirm the proper information from the patient's record and obtain the necessary physician approval.

### **Bottom line**

Though requiring some complex analysis, EMR usually makes sense from both a clinical and financial perspective. Don't let the naysayers' words keep you from thoughtfully evaluating how EMR would fit into your practice.

<sup>1</sup> Contact Valancy at (800) 786-5225 or e-mail to [jack@valancy.com](mailto:jack@valancy.com).

<sup>2</sup> Contact Yates at Medical Dictation Systems at (985) 370-8855.

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