Preparing for Reform in Technology

Chad Kunze, CPA
St. Louis, MO
Andy Edeburn, MA
Minneapolis, MN

LeadingAge - Kansas

April 12, 2012

4:30-5:30

What we will discuss

- What is an Electronic Health Record?
- The Importance of “Meaningful Use”
- How Health Care Reform Pays and Penalizes for Technology Use
- Cost Ranges for Implementation
- Strategic Capital Planning and Determination of Need
- Software Selection and Project Management
- Examples, Case Study and Questions

EMR v. EHR

- An Electronic Medical Record (EMR) is an electronic copy of a patient chart, designed for simple charting and documentation
- An Electronic Health Record (EHR) is a dynamic system that collects patient data, and when properly installed, can generate sophisticated data
- EHR is more integrated and interoperable if properly designed

EHRs and Meaningful Use

- The Office of the National Coordinator (ONC) for Health Care Information Technology defines meaningful use by provider type
  - The Certification Commission for Healthcare Information Technology (CCHIT) is authorized by ONC to Certify Meaningful Use
    - ◊ **Currently there is NO ONC Meaningful Use Criteria for post-acute providers**
    - ◊ All grants available for EHRs for post-acute providers will have a "Meaningful Use" requirement
      - Are there grants available in Kansas for post-acute providers?

Source: CCHIT Recommendations of the Long Term & Post Acute Care Advisory Task Force: Certification of LTPAC EHR Technology http://www.cchit.org/sites/all/files/LTPAC%20ATF%20Recommendations%20June%2016%202009%20Final_0.pdf

Per ONC, Meaningful Use Allows Providers to:

- **Know more about their patients**. Information in electronic health records can be used to coordinate and improve the quality of patient care.
- **Make better decisions.** With more comprehensive information readily and securely available, clinicians will have the information they need about treatments and conditions – even best practices for patient populations –when making treatment decisions.
- **Save money.** Electronic health records require an initial investment of time and money. But clinicians who have implemented them have reported reductions in the amount of time spent locating paper files, transcribing and spending time on the phone with labs or pharmacies; more accurate coding; and reductions in reporting burden.

Meaningful Use for LT-PAC Providers

- An LT-PAC EHR should:
  - Allow for longitudinal tracking of a patient across care settings (CCRC's, other services, community, acute)
  - Be compliant with American Reinvestment and Recovery Act (ARRA) EHR requirements (HL7)
    - ◊ Be interoperable
    - ◊ Enter, create and manage direct care functions:
      - Patient demographics
      - Clinical health information including:
        - Problem lists
        - Medical History
          - Active Diagnoses
          - Inactive Problems

Source: CCHIT Recommendations of the Long Term & Post Acute Care Advisory Task Force: Certification of LTPAC EHR Technology
http://www.cchit.org/sites/all/files/LTPAC%20ATF%20Recommendations%20June%2016%202009%20Final_0.pdf

Meaningful Use for LT-PAC Providers (continued)

- LT-PAC EHRs should document, manage and report:
  - ***Advance Directives (documents and care orders)***
  - Allergies and alerts
  - ***Capture, query and report compliance with health care quality measures***
  - Clinical decision support
  - Family and Social History
  - Functional Status
  - ***Medication Lists including medication reconciliation during transitions of care***
  - Provider order management
  - Medications including administration instructions
  - Non-medication Treatments
  - ***Setting-specific assessments as required for reimbursement (e.g., MDS for SNFs/NFs)***

Source: CCHIT Recommendations of the Long Term & Post Acute Care Advisory Task Force: Certification of LTPAC EHR Technology
http://www.cchit.org/sites/all/files/LTPAC%20ATF%20Recommendations%20June%2016%202009%20Final_0.pdf

But I already have tools that capture this data?

Why do I need to invest in an EHR??

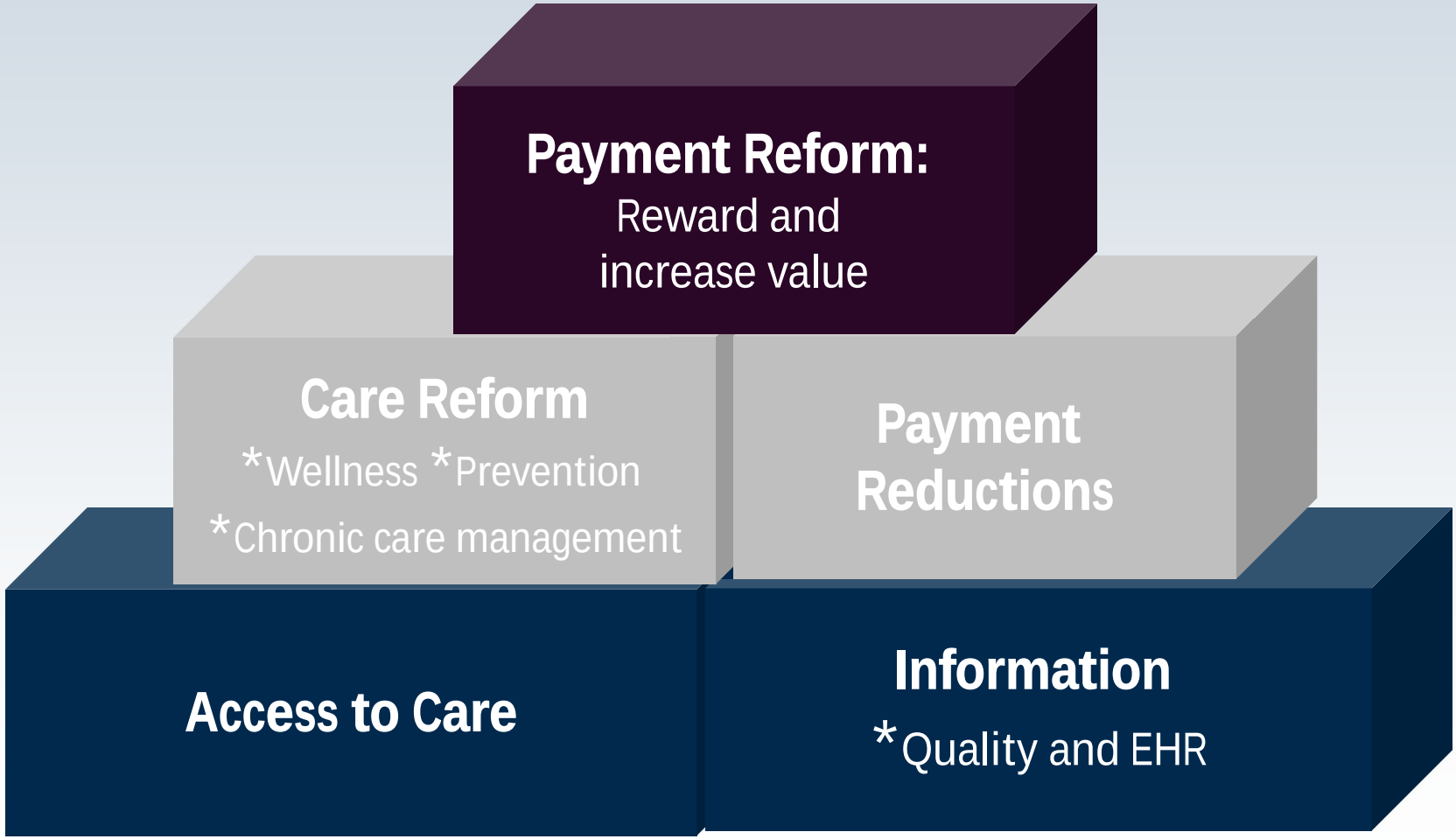
Public Policy
CMS Vision for Post-Acute Care

"The person-centered post-acute care system of the future will:

- Optimize choice and control of services;
- Ensure that placement decisions are based on patient needs;
- Provide coordinated, high quality care with seamless transitions between settings;
- Reward excellence by reflecting performance on quality measures in payment;
- Recognize the critical role of family care giving; and
- **Utilize health information technology."**

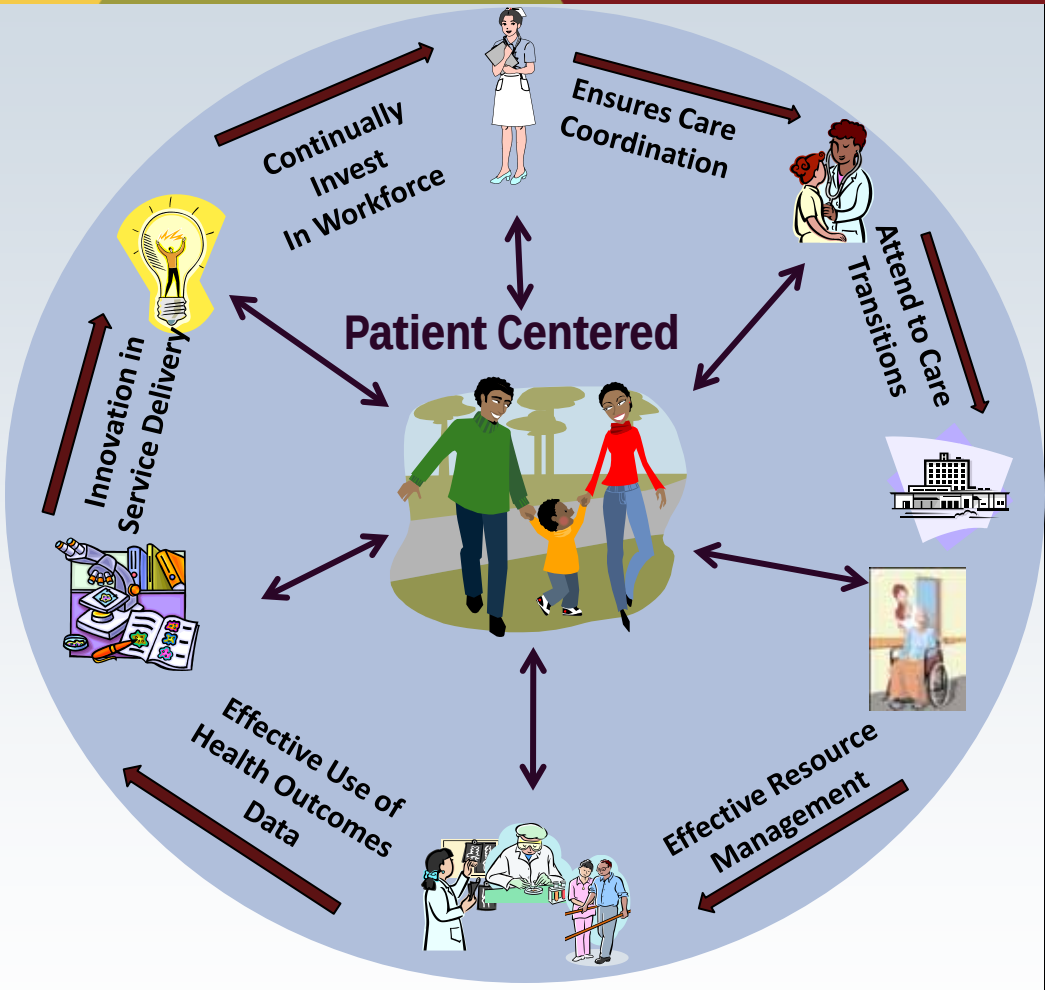
Source: CMS Policy Council Document, 9/28/06 "Post-Acute Care Reform Plan; reviewed at MedPAC 1/07

Bundled Payments and the Building Blocks of Health Reform



New Business Models
Putting the Patient First

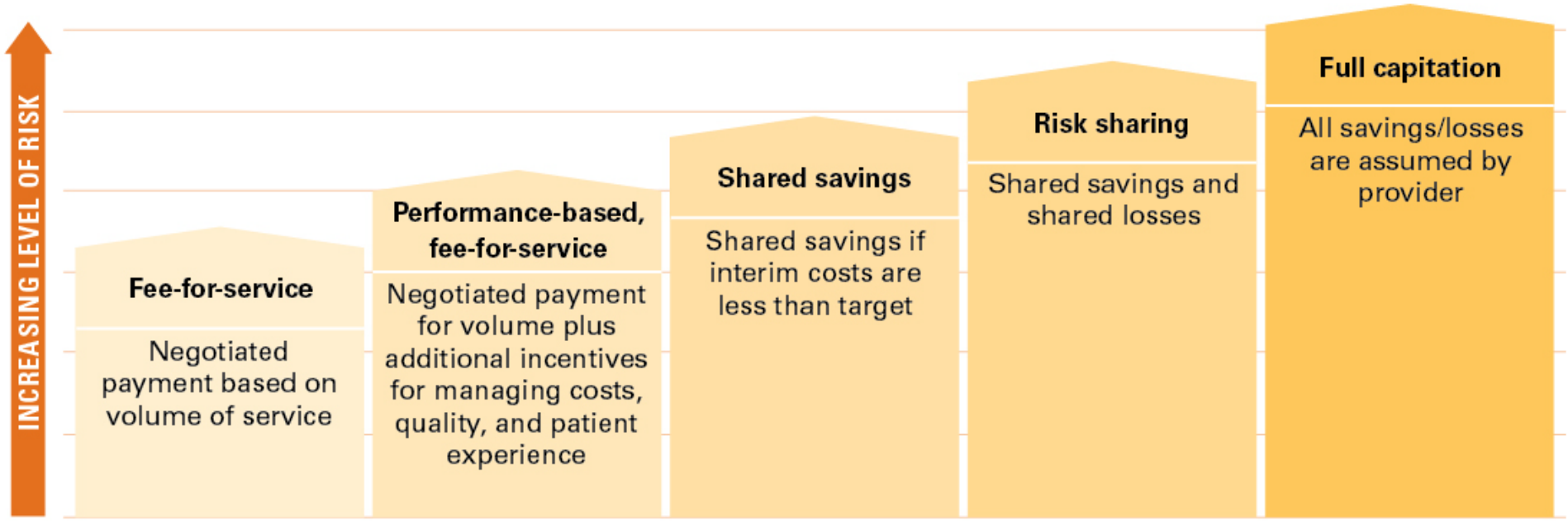
Accountable Care that is **Patient Centric** will lead to improved clinical pathways, efficiencies and outcomes.



CliftonLarsonAllen

New Payment Models
Spectrum of Payment Options

Spectrum of Payment Models for Health Plans and Providers



Increasing Risk & Uncertainty, Enhanced Collaboration & Communication, Increasingly Complex Metrics and Business Practices

New Payment Models
Value Based Reimbursement – CMS's Goals

1. Improve clinical quality
2. Address problems of underuse, overuse, and misuse of services
3. Encourage patient centered care
4. Reduce adverse events & improve patient safety
5. Avoid unnecessary costs
6. Stimulate investments in infrastructure & redesign care processes that serve clients across an episode &/or the continuum
7. Make performance results transparent
8. Avoid creating additional & reduce existing disparities in health care

The incentives are designed to reward both improvement and attainment by spreading the payments broadly amongst providers and to encourage improvement by all, not picking winners or losers.

Source: *"Report to Congress: Plan to Implement a Medicare Hospital Value-Based Purchasing Program"*, CMS, US Dept of Health & Human Services, 11/21/07, pages 23. & 27

Okay then!

How much will this cost me?

What will implementation demand of my staff?

Average Cost Per Facility by EHR Type

SaaS Option	Year 1	Year 2	Year 3	Year 4	Year 5	5 Yr Total
Centralized:	$25,166	$23,412	$24,005	$25,137	$25,355	**$123,075**
Field:	$64,569	$3,307	$3,406	$60,148	$3,614	**$135,044**
Total Costs:	$89,735	$26,719	$27,411	$85,285	$28,969	**$258,119**

Hosted Option	Year 1	Year 2	Year 3	Year 4	Year 5	5 Yr Total
Centralized:	$27,029	$21,964	$22,236	$24,815	$23,191	**$119,235**
Field:	$64,569	$3,307	$3,406	$60,148	$3,614	**$135,044**
Total Costs:	$91,598	$25,271	$25,642	$84,963	$26,805	**$254,279**

In House Option	Year 1	Year 2	Year 3	Year 4	Year 5	5 Yr Total
Centralized:	$47,935	$39,568	$40,507	$47,955	$42,519	**$218,484**
Field:	$64,569	$3,307	$3,406	$60,148	$3,614	**$135,044**
Total Costs:	$112,504	$42,875	$43,914	$108,102	$46,133	**$353,528**

CIO EMR Cost Study January 2011 *Implementing and Operating Electronic Medical Records in the Long Term & Post Acute Care Environment*

What to Expect

- Cost of and outcome of implementation is highly dependant on the quality of the implementation
  - Invest in dedicated staff and training to ensure ongoing success
- Costs to anticipate ***(estimates from client experience, many imbedded in CIO report estimates)***:
  - Software selection: $10,000-$15,000
  - Implementation plan: $3,000-$5,000
  - Vendor install and phone implement: $8,000-$10,00
  - Consultant to Internally Lead Clinical: $30,000-$40,000
  - Consultant to internally Lead AR install $15,000-$20,000
  - Increases hardware on desk: 10-15 added PCS $20,000-$30,000
  - **Enhance internet, wireless and network capability: $35,000-$50,000**
  - Electronic documentation kiosks: $5,000-$20,000
  - **Staff training: $5,000 (excludes opportunity cost)**
  - Dedicated internal champion: full-time or .75 $50,000-$70,000

Okay then!

This isn't in my budget.

How can I pay for it?

CliftonLarsonAllen

Strategies to Identify Return on Investment

- Grants are currently being tested in LT-PAC settings across the US
  - Future access to new grants will be dependant on having an installed EHR that meets some standard Meaningful Use Criteria
- Access to Value Based Purchasing arrangements (eg., ACOs, Bundled Payments) will depend on your ability to demonstrate meaningful and interoperable use of Health Care Information Technology (HIT)
- Other sources?

Strategic Capital Planning

- Put together a strategic capital plan that covers a span of 3-years
  - Make sure it is a “soup-to-nuts” plan
- Questions to answer during the process:
  - Funding Expansion - Operations &/or Capital?
  - Cost of Operations - Benchmarks & Ratios?
  - Revenue Enhancement – Reimbursement, Payer Mix?
  - Financial Feasibility – Diversification Impact?
  - Market Studies – Needs & New services?
  - Strategic Capital Planning – Long term vs. Short term?

Preparing for Change ...

Key strategies

Decide: lead, follow, resist

Prepare to assume risk

Use technology better

Align providers interests

Connect quality to value

Build new relationships

Software Selection and Project Management

EHR Implementation or Total Replacement Approach

Objectives:

- Define the Needs of the Clinical **and** Business Office team
- Outline Software Request For Proposal and Selection Approach
- Describe Project Management Options

Define the Needs

- What Are The Needs?
  - Outdated current system
  - Requirement, compliance or regulatory
  - Add-on to existing
- Discuss Software Selection Process Approaches
- Discuss Project Management Options

Approach To “Meeting The Needs”

- Understand the Scope of Software Selection;
- Discovery of Current Reports, Processes and Procedures;
- What Do We Want to Improve?;
- Develop Weighted Assessment of the Needs;
- Identify Fully Integrated (Clinical, G/L, reporting, etc.) and Best of Breed Vendors (components with integration);
- Develop and Deliver Request for Proposal to Targeted Vendors;
- Schedule Initial and In-Depth Product Demonstrations;
- Focus on 1-2 Finalists Based on Pre-Defined Criteria;
- Check References on Product and Product Support (look externally for these as well);
- Identify All Operating and Capital Costs to Acquire and Implement Software; and
- Identify Qualified Products.

Project Management - Team

Team members - Clinical

- Administrator
- Director of Nursing
- Assistant Director of Nursing
- MDS Coordinator
- Staff Development
- Nursing Unit Leaders
- Lead CNAs

Team members – Financial

- CFO
- Controller
- Assistant Controller
- Accounting Manager
- Billing Manager and staff
- Accounts Payable Supervisor

Team members –Administration

- CEO/Executive Director
- Director of Information Technology (IT)
- IT Communications staff
- IT Hardware Support
- External Consultants

Project Management - Overall

Overall:

- Identify project champion(s) who is responsible for all phases of project management and may be supported by external resources.
- Project champion(s) will likely work directly in clinical and/or business office and be technology savvy. Information Technology (IT) serves as support or advisory to the process.
- Project champion(s) will work with campus leadership to ensure the project is moving at the proper pace. Remove any training or implementation barriers.
- Jointly design a roll-out plan that staff can commit to.

Project Management - Clinical

Clinical:

- Provide project leadership that will work closely with the clinical leadership and implementation team to tailor the EHR and Point-of-Care (POC optional).
- Initiate clinical discovery meetings to define current processes and practices.
- Work closely with administrative and clinical leadership team to define and prioritize the most important EHR elements; take the best of current clinical practices, and supplement them with the benefits and features of the new clinical and billing software.

Project Management – Clinical (con't)

Clinical:

- Project champion will work with the campus administrator and DON to position the clinical team for success.
- Champion works with clinical leadership to ensure they understands the importance of the daily "homework" to the timely completion of the implementation.

It is important to understand the complex interaction of the clinical software functions and its impact on the billing system and reimbursement.

Project Management - Financial

Financial:

- Provide project leadership that will work closely with the business office leadership and implementation team to tailor the general ledger, financial reporting, billing and accounts payable.
- Initiate business office discovery meetings to define current processes and practices.
- Work closely with administrative and business office leadership team to define and prioritize the most important data elements; take the best of current financial practices, and supplement them with the benefits and features of the new financial and billing software.

Project Management – Financial (con't)

Financial:

- Project champion (could be controller) will work with the chief financial officer and controller to position the clinical team for success.
- Champion works with financial leadership to ensure they understands the importance of the daily "homework" to the timely completion of the implementation.

It is important to understand the complex interaction of the clinical and billing software functions and its impact on reimbursement.

Sample Work Plan

- Phase I: Define best practices and prioritize Billing/AR, EHR and POC (optional) set up options from a clinical perspective;
- Phase II: Tailor the software installation to meet the needs as defined in Phase I through coordination with the vendor implementation team and site leadership;
- Phase III: Design reports and dashboards that best meet the needs of corporate, business office, site management and medical staff;
- Phase IV: Train and supervise clinical staff (including the medical staff) and billing staff on processes and procedures; and
- Phase V: Evaluate and enhance ADL tracking, medical records and documentation practices to improve revenue realization.

Training and Follow-Up

- Training component is necessary no matter what
  - External
  - Internal
  - On-going
- Training can be the difference between success and failure!
- A best practice
  - Global training for all – Know the fundamentals
  - Monitored training (small groups or on-line)
  - On-Going (quarterly or regular)
  - Performance metrics reviewed for any concerns or opportunities

References

- The Certification Commission for Healthcare Information Technology (CCHIT)
  - www.cchit.org
- Health Information Management Systems Society (HIMSS)
  - www.himss.org
- LeadingAge
  - www.leadingage.org

Thank you!

Chad Kunze, CPA
Partner
CliftonLarsonAllen, LLP
chad.kunze@cliftonlarsonallen.com
314-925-4321

Andy Edeburn
Consultant Manager
CliftonLarsonAllen, LLP
andy.edeburn@cliftonlarsonallen.com
612-397-3073

Follow our blog for current discussions on health care.

www.larsonallen.com/blog

www.twitter.com/larsonallen
www.twitter.com/larsonallenhc

www.facebook.com/larsonallen

www.linkedin.com/companies/larsonallen

34