

What is driving the change from paper to electronic documentation in hospitals?

There are four main reasons that are driving the change from paper records to electronic documentation before 2009. The first reason is:

➤ **Cost** – An estimated savings of \$162 billion per year by hospitals if a safer and more efficient IT system was used.¹

What is driving the change from paper to electronic documentation in hospitals? (continued):

The second reason is:

- **Medical Errors** - 100,000 patients die per year due to medical errors.²

What is driving the change from paper to electronic documentation in hospitals? (continued):

The third reason is:

- **Health Care Industry** – at least 20 years behind in technology.²

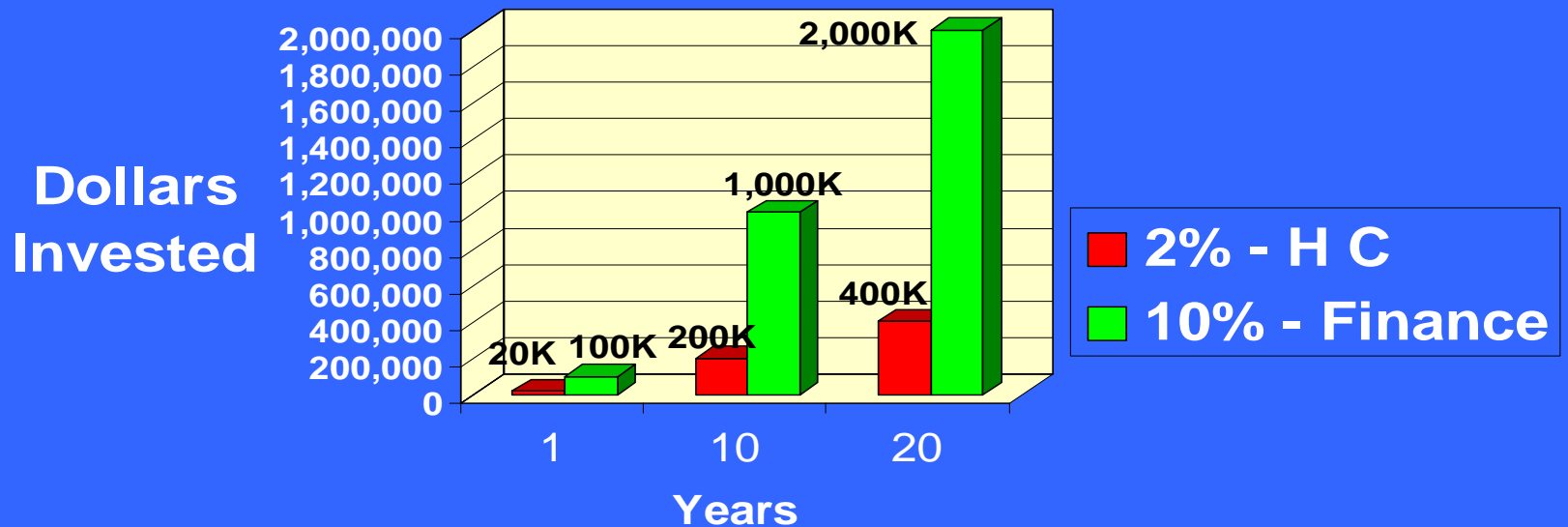
What is driving the change from paper to electronic documentation in hospitals? (continued):

The fourth reason is:

➤ **IT Health Care Spending** – about 2% of gross revenues compared to financial sector, which spend about five times that amount.²

We have no idea what the gross revenues of health care or the financial sector are each year. So for illustration purposes, we decided to take one million dollars as the gross revenues for both sectors (see the next slide).

IT Investment on Gross Revenues of One Million per Year



What is driving the change from paper to electronic documentation in hospitals? (continued):

The previous graph shows the IT dollars investment on gross revenues of one million dollars.

The red bar depicts health care spending and the green bar depicts financial spending. We decided to graph spending levels for the 1st, 10th and 20th years.

Excluding the present financial disaster, the

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financial sector is a very conservative group. They would not be spending this amount of money each year if they were not getting a big return on their investment.

Reasons for movement toward electronic documentation

1. H.R.1 - The American Recovery and Reinvestment Act of 2009 – **Title IV - Health Information Technology for Economic and Clinical Health Act or “HITECH Act”**.

You can search the Internet for more information about this Act.

Reasons for movement toward electronic documentation (continued):

2. Medicare requires submission of all documentation for Hospice services beginning July 1, 2008.³
3. Many doctors' offices are moving to electronic record systems including electronic charting of patients' medical records.
4. Some hospitals are beginning to implement electronic charting of patients' medical records.

Reasons for movement toward electronic documentation (continued):

5. Electronic transfer of medical records between Doctors' offices and Hospitals is occurring.
6. Federal and state funding of Medicare and Medicaid will continue to be cut because the revenue is not available to sustain current spending levels. Thus, long-term care facilities must become more efficient with the funding they receive.

Reasons why health care providers have resisted new technologies

1. Fear of computers.
2. Fear of change, even though change would increase their bottom line.

An Example would be the implementation of MDS in nursing homes. The use of MDS did not happen voluntarily but was required by law.

Reasons why health care providers have resisted new technologies (continued):

3. The lack of computer skills of administrators, managers, owners and/or directors of nursing.
4. Nursing schools have not changed from paper to electronic record systems, leaving the training up to the facilities that employ their graduates.
5. Past experiences with unscrupulous vendors.

Footnotes

1. **Rand Corporation – a leading health care think tank.**
2. **“To Err is Human”, Institute of Medicine, 2000.**
3. **CMS - CR 5567**