



Prescriptions *Medical Alert*

Winter 2006–2007

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Pressure Mounts for the Adoption of Electronic Health Records

Since the Bush administration first launched its campaign to develop and implement a nationwide system for storing patient records in electronic form by 2014, legislators, federal and state regulators, and medical providers have been grappling with the cost, implementation, and privacy issues surrounding health information technology systems.

“By computerizing health records, we can avoid dangerous medical mistakes, reduce costs, and improve care,” President Bush said in his 2004 State of the Union Address. Since then, the administration has promoted initiatives intended to harmonize standards for electronic information exchange, establish certification criteria for health information technology investments, develop models for a national online health information system, and establish privacy and security standards.

When electronic health record (EHR) technology is fully implemented, the medical clipboard and the paper file will become obsolete. Instead, all of the patient's medical history—including chronic conditions, tests, prescriptions, and physicians' notes—will be stored in databases that can be easily accessed by authorized users. With patients' complete medical histories at their fingertips, physicians should be able to more quickly and accurately diagnose conditions, recommend treatments, and prescribe drugs.

In addition to helping doctors provide better care to individual patients, the electronic records could be used for research purposes. A nationwide health information network would give researchers access to vast quantities of patient data that could be

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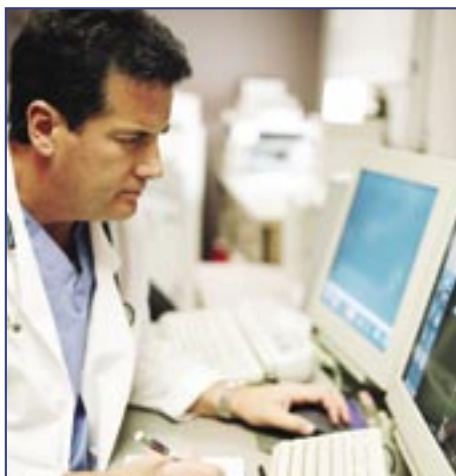
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mined to answer questions about the safety and effectiveness of certain drugs, procedures, and treatments. It could also help providers in determining whether a lower-cost generic drug or less-invasive procedure is as effective as the more expensive alternatives. Advocates predict that the widespread use of EHRs will, over time, lead to greater efficiencies in healthcare delivery and better patient outcomes.

Smaller scale versions of this type of health information network have already been implemented by the Veterans Health Administration, health maintenance organization (HMO) Kaiser Permanente, and other large hospitals and medical providers.

While physicians in smaller practices are generally aware of the potential productivity gains and patient care benefits associated with EHRs, concerns about the high start-up costs of health IT systems remain. Increasingly, however, insurance companies, Medicare, employers, and public funding programs are providing physicians with incentives for implementing systems. In a few areas of the country, community-based health information networks offer smaller practices online access to a central database. Rather than implementing and maintaining their own complex systems, physicians pay modest subscription fees for the use of an off-site system. In addition to operating a centralized database, these networks typically offer technical assistance and training to medical practices using their services.

The House and Senate have passed separate versions of a bill that would promote the use of healthcare IT systems, but the bills had not yet been reconciled at the time *Prescriptions* went to press. Both bills, which received broad bipartisan support, would implement permanent standards for the design of health IT systems to ensure interoperability. The bills also address issues surrounding the privacy of medical data stored or transferred electronically, calling upon the Department of Health and Human Services (HHS) secretary to recommend a privacy standard that would reconcile current differences in state and federal laws.



“This legislation marries technology and quality to create a seamless, efficient health care system for the 21st century,” said Sen. Hillary Rodham Clinton (D-NY), a sponsor of the Senate bill. “By creating national interoperability standards, we will give health care providers the confidence that an investment in health IT is an investment in the future.”

But the House bill went further than the Senate bill, mandating a sharp increase in the number of insurance billing codes by 2010 and exempting hospitals and health plans that supply small physicians’ practices with healthcare IT hardware and software from anti-kickback laws.

Meanwhile, HHS has been working to establish EHR compatibility standards and to make health IT systems more affordable for smaller practices. In August, HHS Secretary Michael O. Leavitt announced new regulations intended to facilitate the adoption of health IT, including an anti-kickback safe harbor.

“These new regulations will allow certain donations of health information technology that may not have been permitted before,” Leavitt said. “This means that hospitals, health plans, and others will be able to take on an active role in putting electronic health records in the hands of physicians, and it means that physicians who are willing to use these new systems will have a better chance of getting them sooner.”

In addition to the action taken at the federal level, a majority of states have introduced or passed legislation calling for the use of health IT systems, and they are also developing strategies to assist health care providers in adopting EHR systems, according to a recent report by nonprofit group eHealth Initiative.

Janet Marchibroda, the CEO of eHealth Initiative, said, “There is a notable increase in activity at the state level, reflecting a parallel increase in recognition at the federal level of the importance of IT in moving toward a more patient-centered, higher quality healthcare system.” *P*

Improving Employee Performance with the Right Incentives

Retaining key employees is central to the success of any practice. Keeping qualified and hardworking staff on board will result in greater patient satisfaction, more efficient administration, and improved profitability. Offering incentives above and beyond basic compensation is among the most effective strategies for building employee loyalty and motivating employees to perform well.

For any organization, high rates of turnover can be costly and disruptive. A steady stream of exiting employees can take its toll on morale, as well as on the bottom line. When an employee leaves, knowledge and experience walk out the door. Resignation and apathy may set in as staff see their friends and colleagues leave for greener pastures, and those remaining face the need to train yet another new hire.

Paying market-rate salaries is, of course, essential to recruiting and retaining staff, as is providing employees with a basic package of health and retirement benefits. But offering top-of-the-line wages and benefit packages to employees is often not possible for smaller practices. Lacking the economies of scale that allow larger organizations to offer a wide range of benefits and other perks, such as subsidized cafeterias or on-site fitness centers, you may be concerned that your practice will be unable to compete for the best staff.

Bigger Isn't Better

Instead of thinking about the incentives you cannot afford to provide, consider how your practice can leverage its strengths. Compared with larger organizations, smaller employers can offer staff a much more intimate atmosphere, in which even low-level employees have direct contact with physician owners. This shorter chain of command between employer and staff can foster greater loyalty and a stronger sense of mission. It is easier for employees to appreciate the impact of their contributions when they are felt immediately throughout the organization.

Flatter hierarchies alone do not, however, automatically engender employee loyalty. It is important for physician owners and practice managers to communicate regularly with staff about financial and management issues. If your practice does not have a formal system for passing on information to all staff members—such as regular e-mails, newsletters, or

meetings—some employees may fall out of the loop and become disconnected. Employees who understand the practice's short- and long-term goals and challenges tend to be more engaged.

Performance Incentives and Flexibility

Performance-related bonuses, even if they are not large, can go far in motivating employees. These may be offered individually, by department, or across the organization. Bonuses may be tied to specific targets or to overall profitability. Targets should always be set at attainable levels, or they will serve to discourage, rather than motivate, employees. The knowledge that better organizational performance will result in concrete financial rewards provides a substantial incentive to work harder and more efficiently.

Your practice can also compete in the labor marketplace by helping employees manage their responsibilities at work and at home. For many employees, especially those caring for children or other family members, the opportunity to work flexible hours or telecommute can be a major factor in their choice of employers.

Because opportunities for career advancement are usually more limited in smaller practices, ambitious employees may choose to leave rather than remain stuck at the same level. Practices can tackle this problem by providing staff members with training opportunities and progressively greater job responsibilities. Your practice may, for example, offer an administrator additional compensation for acquiring new skills that can be applied on the job.

Relatively inexpensive morale boosters can make a big difference in how an employee feels about his or her employer. Staff outings, office parties, free coffee and snacks, or occasional unscheduled breaks in the day can break up the monotony of the workplace routine. Wellness initiatives can also be highly motivating, yet relatively inexpensive.

Offering employees incentives is important, but so is avoiding disincentives. While guidelines and structure are necessary in any organization, too many petty rules and penalties for minor infractions will frustrate employees and cause them to resent management. Praising good performance is much more effective than policing staff. *P*

Lower Medicare Reimbursements Could Lead to Cost Cutting

The proposed cuts in Medicare reimbursements could force many medical practices to reduce the number of Medicare patients they treat, lay off staff, and trim employee benefits, according to a survey by the Medical Group Management Association (MGMA).

MGMA surveyed more than 1,600 medical group practice representatives in June 2006, which was six months after the initial freeze in reimbursements and six months before a further reduction of 5.1% in the Medicare physician fee schedule is due to take effect.

Results showed that 39% of practices may be forced to limit the number of Medicare patients they see if the payment cut is made in January 2007. When asked what other negative consequences a reduction in Medicare reimbursements would have on their practices, 39% of respondents indicated they would lay off clinical staff, 54% said they would lay off administrative or support staff, and

67% said they would modify or eliminate health benefits for their own employees.

“These responses reflect the seriousness of the operating environment confronting physician practices,” said William F. Jessee, M.D., FACMPE, president and CEO, MGMA. “It’s vital that Medicare beneficiaries have adequate access to the full range of medical services in their communities. But if medical practices are to continue providing high-quality care, they may have to make some very painful decisions in order to stay financially viable.”

Researchers noted that, according to another 2006 survey conducted by MGMA, the cost of operating a group practice increased by 7% in 2005.

Jessee called upon Congress to replace the Medicare’s current Sustainable Growth Rate (SGR) formula, which is tied to the performance of the nation’s economy, with a formula that more accurately reflects the cost of providing care. *P*

Majority of Americans Share Concerns about Health Privacy

The majority of Americans are concerned about the privacy of their personal health information, according to the *National Consumer Health Privacy Survey 2005* sponsored by the California HealthCare Foundation (CHCF). Even with the recent privacy initiatives applied by the Health Insurance Portability and Accountability Act (HIPAA) and the move toward electronic health records, 67% of people surveyed worry about the privacy of their health information. While the majority of Americans share privacy concerns, 67% also claim to have some level of awareness about the privacy and confidentiality protections in place.

More than half of Americans (52%) are concerned that their employers will use their health information to limit their job opportunities. Helen Darling, president of the National Business Group on Health, said, “We need to demonstrate through frequent communications that trustworthy systems with many safeguards are in place to ensure that their records are safe and can never be used in ways they haven’t authorized.”

Because of privacy concerns, some patients, particularly the chronically ill, may put their health at risk by practicing “privacy protection behaviors,” such as requesting that doctors keep health issues off record, seeing other physicians to avoid revealing health conditions to their regular doctors, and avoiding medical tests. These types of privacy protection measures are more likely in patients with certain diseases, such as cancer, diabetes, and depression. *P*