

Dermatologists discuss budgeting for EHR

By John Carruthers

THE BUDGETING PROCESS is perhaps the most frequent concern expressed by physicians seeking to implement electronic health record (EHR) systems. In order to provide multiple perspectives on the EHR budgeting process, *Dermatology World* spoke with three dermatologists who have recently gone through the process of implementing EHR in their practices. Neal Bhatia, M.D., runs Bayview Dermatology in Milwaukee, Wis., and regularly gives talks on EHR adoption at Academy meetings. He began leasing his EHR system in 2004. Roopal Bhatt, M.D., a private practitioner in Austin, Texas, opened the doors of her practice in early 2009 having adopted EHR from the beginning. Amy Derick, M.D., and her husband Michael, who run Derick Dermatology in Barrington, Ill., also adopted EHR at the outset, and have spent the last two years customizing the system for greater practice efficiency.

Q: When you decided to adopt EHR, what resources did you utilize in order to get a better idea of what it would cost?

Dr. Bhatia: The EHR availability back in 2004 was much less than it is now. If I had to do it now, I would have gone to the Academy's technical exhibits and shopped around, but back then I looked into a few programs and found out their overall pricing schemes for both the hardware and the software. Some had just software, some had both, and some had the ability to upgrade or to do the ASP model.

Dr. Bhatt: I asked a lot of my colleagues — both people I had worked for and who had been established for maybe 10-15 years who had switched over to EHR. I also asked colleagues who had started their own practices in the past year or two. I had been attending the AAD meetings for the last two years or so, both the main meetings and the summer meetings and going to the EHR information sessions. Every person who talked about EHRs at the AAD meetings, I would go up

to them and ask them about the system they had.

There were also a lot of articles about how much to budget for your EHR. There was an annual feature I found that lists the best-rated EHRs in the country, and from that list you could extrapolate budget and according to your budget, you could pretty much pick your EHR.

Michael Derick: We demoed five or six different leading contenders, made good use of the demo booth at the [AAD] Annual Meeting, and used that to develop a good group of contacts. Then we brought in reps from each of those companies, did demos in the office, looked at the dermatology content for each of them, and made a decision on which way we wanted to go.

Q: Has the cost of customization been a significant factor with your system?

Dr. Bhatt: No, my vendor provides for my customization. There is an annual fee that covers customization and another that covers support, and it was all spelled out up front. Any EHR you start, there is a lot of customization that you have to undertake, and with my system, it was completely allowed.

Michael Derick: In terms of real numbers, having a real budget, we did not at the outset understand and did not budget in for significant customization work. And to give you an order of magnitude, the customization programmers charge between \$150-200 an hour, and to make even a couple of small changes can take an hour. A smaller issue might take 10 minutes and cost you \$20. If it's something bigger, it can be several hundred to thousands of dollars for complicated changes. If you're really re-doing a significant portion of the EHR, which we have done, it will many times over exceed the cost of the original installation and licenses. What I would say is that regardless of the initial price you pay for the EHR, it is a small fraction of the total ongoing project cost of implementing an EHR. When we bought our program, it was one of the more

expensive ones out of the box, but the amount we spent on it was nothing compared to what we've spent since. We've spent triple, probably, in two years, the original cost of installation.

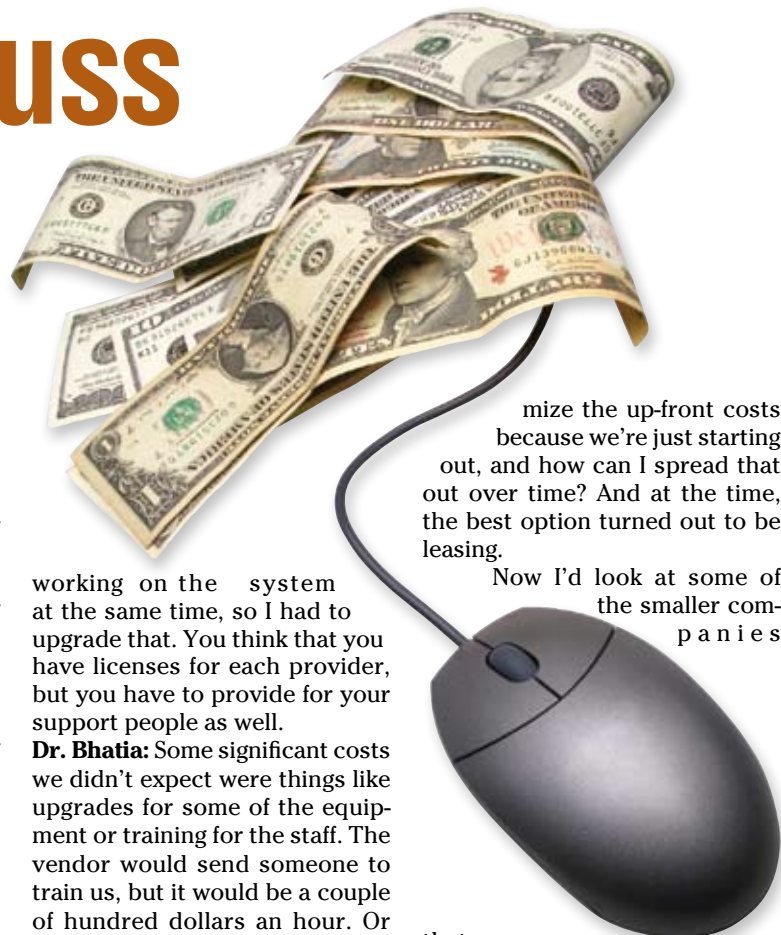
Dr. Bhatia: Initially, up front, there were some fees. But if you're a little bit savvy, you can save some of that by scheduling fewer patients slowly and customizing on the fly. It takes a little time, but in the first month or two of the practice, you're slow anyway.

There's a feature in my software called the system manager, so what we would do is keep a computer logged on to the system manager and as the nurse or the receptionist or I made changes on the individual notes, it would add them to the system manager so that it would be global for the next time. If we had a prescription for a drug, and we knew the frequency was more routine, we would add that into the format for that prescription, and then once you come up with it the next time, it applies all the time, so it saves you having to do it over and over again.

Q: During the process of purchasing and adopting your system, did any unexpected costs appear?

Dr. Derick: There are always unforeseen things. You have to budget for the hardware, you have to budget for the software, you have to budget for the licensing fee, and there's inevitably a bunch of customization that you have to do. It's been really expensive to do that part, the development. Of course every time we make an improvement, it makes the flow so much better and it's well worth it, but that is a hidden cost. You think you're just going to go in and buy the software and it's just going to jump out of the box and be okay, but a lot of times there are additional costs just to make it better for you.

There are additional things that crop up — you might buy a laser, and you have to build templates for that. We only had licenses for a certain number of support staff, and ultimately we grew to where there are a lot of employees who all had to be



mize the up-front costs because we're just starting out, and how can I spread that out over time? And at the time, the best option turned out to be leasing.

Now I'd look at some of the smaller companies

working on the system at the same time, so I had to upgrade that. You think that you have licenses for each provider, but you have to provide for your support people as well.

Dr. Bhatia: Some significant costs we didn't expect were things like upgrades for some of the equipment or training for the staff. The vendor would send someone to train us, but it would be a couple of hundred dollars an hour. Or something would break and it wouldn't be covered under the warranty. Just with the maintenance costs here and there, there were some surprises that showed up. I wasn't very happy about it — I told the salespeople, "you didn't tell me about being ambushed with these costs all of the sudden."

Dr. Bhatt: Actually, the hardware cost — I didn't think it would be quite so much. They were very up front about the costs, even the training costs after installation. I didn't think that there were any hidden costs in the software. It was the hardware cost that was eye opening, much more so than the software.

Another thing I was not prepared for was the amount that you need to spend for your IT people. I did not originally factor in that cost, and I'm not sure why, but that was my mistake. That was another \$4,000 or so, just for setting up the hardware and the software and making sure everything was communicating.

Q: If you had to start this process again from the beginning, is there anything you would change?

Dr. Bhatia: I'm still on a lease, the lease payments usually go for 5 years. The way I had it, you could pay the lease payments on your credit card and earn the miles and give them to your staff as a bonus, or things like that. But back then, the thinking was how can I mini-

that are more derm-specific, or companies that have less hardware, which would allow you to get your own hardware, which is more cost-effective. I was just starting out, and I figured "well, these companies are offering all the computers, the servers, the technical support and stuff, and it might be a little more expensive, but when you have nothing, it's a little bit easier to get started when you get everything in one." That was a big positive. It was a little more expensive, but it was worth it from a headache standpoint.

Dr. Bhatt: If I had to do it all over again, I would maybe try to wait for the next round of more derm-specific software to come out and see how it worked.

Michael Derick: Maybe if we were to buy a new system now, the out of the box content has improved enough to where the customization costs have come down. Since we bought ours, our vendor has done several upgrades to their base package and it is much better now than it was then. Those numbers might be lower now than they were before, but everyone is going to have to do some customizing to it for it to work for them.

If we had really made a bad decision and it was non-functional or made us less efficient, we would have to consider replacing systems, but that would be a very expensive mistake. We've avoided that so far, but we've also spent a ton of money. •