NEWS RELEASE

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Solo and Small Group Physician Practices Can Reap Benefits from Electronic Health Records, But Face Challenges

New York City, September 12, 2005—Two Commonwealth Fund-supported studies in the September/October issue of *Health Affairs* examine the potential benefits and challenges for solo and small-group physician practices in adopting electronic health records (EHRs), and highlight the greater difficulties smaller practices face in implementing health information technology (HIT), compared with larger health care institutions.

In "The Value of Electronic Health Records in Solo or Small Group Practices," lead author Robert H. Miller of the Institute for Health and Aging at the University of California, San Francisco and colleagues detail findings from case studies of fourteen solo and small group practices in twelve states. Highlights of their findings include:

- Small physician practices on average recoup the cost of investing in electronic health records in 2 ½ years.
- Start-up costs average $44,000 per physician (or nurse practitioner); annual maintenance costs average $8,400 per physician per year.
- More than half of the financial benefits of implementing electronic health records for small physician practices come from improved billing for services, which increases physician practice revenues by $17,000 per physician per year.
- Efficiency savings and gains from greater physician productivity averaged $15,800 per physician per year.

Challenges included difficulty in obtaining adequate training and changing practice processes to adapt to EHR capabilities, pointing to the need for better technical and practice redesign support services. Further, despite the fact that electronic health records are viewed by policymakers as an important investment to improve quality of care, the study found limited use of EHR quality-improving capabilities that remind physicians and patients of needed chronic or preventive care services, or that show physicians how well they're doing in providing quality care. This points to the need for pay-for-performance incentives for quality improvement

"With almost three-quarters of physicians in solo or small-group practice settings, it is critical to recognize not only the financial barriers, but the greater need for technical assistance in implementing electronic health records, compared with physicians in larger health care settings with existing support systems," said Anne-Marie Audet, M.D., vice president at the Commonwealth Fund. "Health care leaders and policymakers must also address the significant difficulties physicians in solo or smaller practice settings face in using electronic health records to improve quality. We cannot forget that the primary purpose of these new technologies is to improve quality of care for patients."

In "Functional Gaps in Attaining a National Health Information Network," lead author Rainu Kaushal, M.D., and colleagues, members of the Harvard University Program for Health Systems Improvement NHIN (National Health Information Network) Working Group, detail findings of an expert panel on what would be needed to implement a model national health information network (NHIN) in five years, given the current state of health information technology and trends of adoption.

According to the study, smaller health care settings, such as small group physician practices, home health agencies, and skilled nursing facilities will lag behind hospitals and larger office practices in projected functional capabilities of health information technology in five years, given current trends in adoption:

- Small physician practices (1 to 4 physicians) are less likely than larger practices (more than 20 physicians) to achieve electronic health record functionality in the next five years (25% compared to 38%) and computerized physician order entry functionality (21% compared to 32%) in five years.
- However, the study estimates implementation of these technologies will likely triple or quadruple in the next five years. Electronic health record functionality will increase from 9 percent to 25 percent in small physician practices, and from 15 percent to 38 percent in larger practices. Computerized physician order entry functionality will increase from 5 percent to 21 percent in small practices, and from 9 percent to 32 percent in larger practices.

The authors conclude that "Policy interventions should preferentially target adoption by smaller stakeholders to prevent the development of likely inequities," noting that public and private efforts towards "widespread equitable adoption of HIT functionalities, better aligned financial incentives, adoption of standards, and protection of privacy and security" will help speed adoption of an NHIN.

The Commonwealth Fund is a private foundation supporting independent research on health and social issues.
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