



# A History of Results

## MedInformatix

### Cardiology

**34-physician cardiology practice** in Chicago employed MedInformatix management solution including electronic medical records, billing, scheduling and other features designed specifically for cardiology practices.

- Increased the number of patients seen by 15%
- Eliminated after hours paperwork of 1.5 to 3.0 hour per week
- Streamlined prescription refill process: went from 4.0 FTE per site to only 1.5 FTE
- Eliminated medical record pulls for the refill process - cost saving of \$600-\$1,000 per week
- Reduced transcription requirements by 80%. Together with proficient use of the EMR, equated to a savings of about \$127,296 per year.

Measurement	Efficiency Improvement	Anticipated Annualized ROI
Appropriate Coding	58,140 visits per year. Assumes 1 level under-coding	\$1,453,500
Patient Volume	Increase of 5 patients per week per physician.	\$ 573,750
After Hour Paperwork	Decrease per physician per week of 1.5 hrs @ \$100 per hr	\$ 229,500
Automated Refill Process	Decrease staff from 4.0 to 1.5 FTE's Elimination of Medical Record chart pulls (est. 200 per week @ \$3 each)	\$ 300,000
		\$ 62,400
Transcription Productivity	47% increase in productivity	\$ 127,296

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### **34 Physician Practice**

**Paid for the system in the first 12 months with an ROI of 244%.**

Improved Financial Returns: Charges up by 23%, receipts up 35% and profit up by 1700%.

#### **Financial Year 1999 to 2000**

Charges	\$46,362,819	\$57,050,450
Receipts	\$18,183,276	\$24,594,494
Profit	\$ 273,000	\$ 5,621,252

Overhead was reduced from 62% to 48% (benchmark is less than 55%).

Less than 0.5% error rate in Medicare claims submissions

Improved accounts receivable – 59% of accounts are now 30 days or less where best practice standards call for keeping at least 36% under 30 days.

Decreased overtime saving \$38,000; saved \$10,000 on elimination of weekend chart room staff; \$102,000 on transcription; \$20,000 on postage; \$100,000 on medical records salaries; \$25,000 on paper chart costs

Results Are Sustainable:

#### **Through May 31 - 1999 to 2003**

Total Income	\$7.362	\$9.864	\$11.855
Overhead	60%	47%	46%
TIBIT (Total Income Before Income Tax)	(\$612,000)	\$2.301	\$3,328 \$3.4 (2002) \$3.6 (2003)

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### Ophthalmology

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**Talley Medical-Surgical Eye Care Associates of Indiana** is a large group with a primary clinic, a secondary clinic in another state, an Ambulatory Surgical Center six blocks away and 8 satellite offices.

ROI study 1 year after implementation of MI practice management system:

- saved time by entering patient demographics once for multiple uses and users
- no longer wasted time pulling and refilling of charts for patient visits
- more accurate billing without loss of fee slips
- increased income from correct coding
- integrated MI with the XeroxDocucenter and cut costs of printing and faxing as well as by scanning data that was previously manually transcribed.

#### Summary of Talley's extensive study:

Total Estimated Savings From EMR	\$130,000
Revenue Generated By Taking On Billing For 2 Anesthesiologists	\$27,400
Additional Charge Billed/Collected From Lost Charges Syndrome	\$80,000
Additional Revenue From Calculation Of E & M Coding Levels	\$1,500,000
Total Estimated Savings From Xerox/Xerox Integration	\$19,140
<b>Return On Investment After One Year With MedInformatix</b>	<b>\$1,756,540</b>

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### Physician Practices/Larger Groups

**The GartnerGroup** monitored the results of an ambulatory computer-based patient record system at a solo practice over a period of 18 months. The results extrapolated to 50 physicians would produce the following cost savings:

- \$10,000 per month on physical chart savings (\$2 each for supplies x 5,000 new charts per month)
- \$50,000 per month on transcription services no longer needed
- \$112,500 per month on staff time related to physical chart manipulation (6 hours per day on cutting, pasting, pulling and filing charts x \$15 per hour salary x 25 work days per month x 50 physicians)

**Total cost savings of \$172,500 per month or \$2,070,000 per year.**

In addition, the following revenue improvements further enhanced the returns:

- seeing one additional patient per hour due to faster information retrieval and documentation
- average office visit generated \$60 in revenue
- able to see patients for 45 hours per week, 4 weeks per month.

***An IDS with 100 PCP's with only a conservative saving of \$10,000 per year per physician and increased revenue of \$25,000 per year per physician would show an enterprise-wide saving of \$1 million and revenue increases of \$2.5 million per year.***

Actual findings show potential for double those figures!

As their report stated “the potential implications are staggering and certainly worth the investment”.

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### **Cardiology/GEMMS**

MI Strategic Alliance resulted in Gateway Electronic Medical Management System (GEMMS) - specially designed EMR & practice management solution for cardiology – was eventually rolled out to 250 cardiologists in 16 practices throughout the country.

Results for one of those practices with 25 cardiologists at 7 office sites:

#### **Realized a return on the technology investment within the first year.**

- 25% more patients seen with no increase in staff
- 35% more revenue collected
- Reduced Medicare denial rate from 25%-40% to less than 1% (in 2000 the practice billed Medicare \$7.8 million with only \$22,000 in errors)
- Reduced transcription costs by \$72,000
- Reduced postage costs by \$20,000
- Improved accounts receivable – 50% of accounts are now 30 days or less (best practices standard is keeping 36% under 30 days).
- Nursing staff freed up to do more diagnostic testing which generated more revenue.
- Significant savings generated by simultaneous access to records - eliminated duplicate work between the front desk and billing department

**Improved patient service: allowed practice to be proactive, not reactive, in diagnosing & providing care.**

**Required total buy-in and strong physician leadership.**

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### Marina del Rey Surgery Center

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- 4,000 patient facility with a low collection to gross charges ratio.
- Employed MedInformatix system to improve record keeping and billing procedures
- Within 7 months collections increased by over 650%!
- Went from an average of \$82,700 in collections per month to over \$535,000

Month	Amount of Adjustment	Amount of Write Offs*	Gross Charges	Amount of Collections
April	N/A	N/A	150,358.45	82,763.45
May	N/A	N/A	369,128.30	138,958.00
June	22,888.47	N/A	378,222.85	184,972.75
July	36,784.90	52,433.63	493,882.60	312,744.45
August	63,284.49	67,218.25	762,365.85	411,448.08
September	42,630.80	40,301.43	688,863.95	278,767.95
October	64,630.83	64,698.41	958,394.23	454,627.70
November	64,559.36	61,585.41	951,546.95	538,123.85
<b>TOTAL</b>	<b>294,778.85</b>	<b>286,237.13</b>	<b>4,752,763.18</b>	<b>2,402,406.23</b>

\* Write off – Difference between total billed and settled account (negotiated).

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### **Disease Management**

**American Healthways Inc.**, the nation's largest disease and care management company, and Blue Cross and Blue Shield of Minnesota implemented a disease management program using MI software.

Pilot program for patients with heart disease, diabetes, asthma and chronic diseases preceded roll out to over 2.1 million members.

Key feature of program - registered nurses worked with patients by phone to follow-up on recommendations made by their physicians.

The MedInformatix software application improved nurse's productivity:

- There was a significant increase in patient numbers
- There was a reduction in the number of nursing staff required at a ratio of 4 to 1
- Success of treatment program increased significantly

### **Financial Considerations**

American Healthways invested \$20 million in the initial roll-out.

After the first year American Healthways saved \$2,400,000 (\$1.25 per month per patient).

To develop this software solution themselves would have cost them a total of \$115 - \$153 million!

More cost-effective to form strategic partnership and integrate existing technology provided by MedInformatix, than to try and develop their own from the ground up.