EHR IN PRACTICE

EHR ROI GUIDE

FORMULATED BY INDEPENDENT INDUSTRY EXPERTS

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EHR IN PRACTICE

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UNDERSTANDING THE VALUE OF ROI

The EHR you select has to earn its place in your practice, and in most cases, it needs to earn quite a lot. Return on Investment (ROI) compares the financial benefits of an EHR to its implementation costs. It focuses on tangible gains, like revenue increases and efficiency, while a broader cost-benefit analysis may include intangibles.

Calculating ROI helps practices justify an EHR purchase with concrete numbers. If you can't justify the investment with clear, predictable financial gains, it's a sign you should rethink the system...or the timing.

A JMIR Med Inform study found small practices recouped EHR costs in about **2.5 years**, gaining roughly **$20,000 per full-time user, per year** in net revenue. This happens as coding accuracy, timely billing, and productivity improve.

Preparing an ROI forecast before implementing an EHR helps set realistic expectations and avoid financial surprises.

FORECASTING THE COSTS OF EHR IMPLEMENTATION

There's no way around it: you can't produce a reliable ROI without getting brutally honest about costs. Some expenses are obvious, others hide under workflow, training, and temporary productivity hits. Unless you surface all of them, you'll start the project already underwater.

Budget all direct and indirect EHR expenses. Direct costs include software licensing, hardware upgrades, and vendor fees. Indirect costs can be significant too: account for staff training, temporary staffing, or overtime, and any drop in productivity as users learn the system.

A comprehensive approach is to compute the total cost of ownership (TCO) over several years. This should cover purchase, installation, maintenance, and IT service costs. For example, cloud EHRs reduce server costs but still require secure network setup and ongoing support (including HIPAA compliance).
Also plan for anticipated lost revenue during transition: industry reports note patient throughput may dip significantly during go-live. Thoroughly listing and budgeting these costs upfront will keep unexpected expenses at bay.

Key cost items to include:

- Software licenses and implementation fees
- Hardware and network upgrades
- Vendor training and support contracts
- Data migration and backup, #
- Temporary staff or overtime to cover training.

Productivity impacts:

Estimate slower patient throughput and learning-curve losses during training.
These *'hidden'* costs can be as important as hardware or software fees.

FORECASTING EXPECTED RETURNS

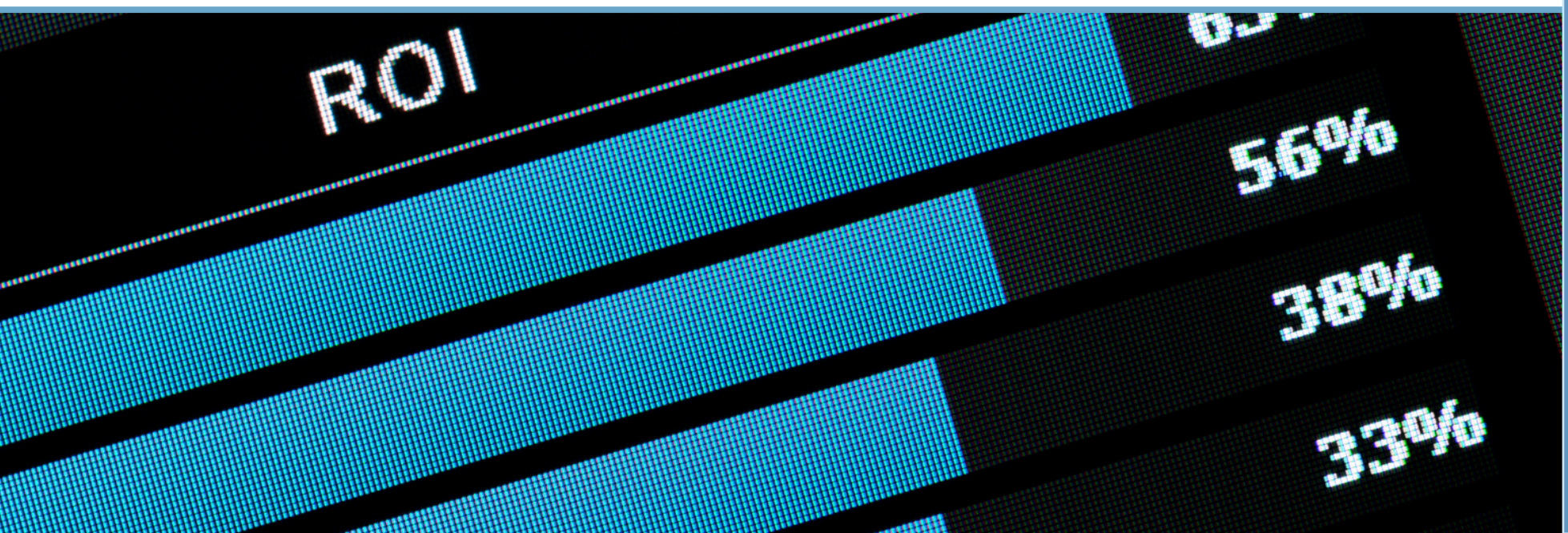
Estimate your revenue and efficiency gains from the new EHR. After all, those and improved patient care are the reasons you are looking for an EHR system. Common sources of return include improved billing (more accurate coding and faster claims) and greater provider productivity (clinicians spend less time on paperwork).

For example, automated appointment reminders in an EHR can cut no-shows and cancellations, keeping billable visits higher. Real-time billing features allow instant claim submissions, reducing claim delays and capturing all billable services. Streamlined scheduling, coding prompts, and fewer charting errors also reduce overhead. Consider the following input variables for an EHR ROI calculation too:

- **Incentives and penalties:** Include any federal or payer incentives for EHR adoption (e.g. Meaningful Use) and factor in penalties for non-use. These can materially affect net revenue.
- **Efficiency gains:** EHRs often cut clerical time (e.g. reduced chart-pull and faxing), lowering staffing costs. Quantify expected savings from these streamlined workflows.
- **Productivity:** Estimate how many more patients a provider can see or how much faster bills can be processed post-implementation; if each provider sees one extra patient per day, multiply that by the average reimbursement.

Also acknowledge qualitative returns. Improved patient care (as above), better outcomes, and higher satisfaction don't show up in your spreadsheet, but they help retain patients and staff.

Include notes on these benefits, even if they cannot be easily converted to dollars.



DECIDING WHO SHOULD ANALYZE YOUR ROI DATA

At this stage, you're holding dozens of assumptions about costs and returns. Now you need people who can cut through bias and align those numbers with reality.

This isn't a task for whoever "has time." It requires the people who understand your financials, your workflows, and your risk tolerance.

Assign ROI calculations to skilled financial analysts or administrators. Typically, the practice's finance or accounting team (CFO, practice manager, or business analyst) should lead the analysis.

These professionals understand budgets and can gather consistent data across departments. Involve clinical and IT leaders too – they can provide inputs like projected productivity changes and workflow improvements. Centralizing the analysis with finance ensures that cost and return estimates use consistent assumptions. Remember that any final decision-maker will scrutinize the ROI. It's safest to be conservative: **overestimate costs and underestimate returns if uncertainties exist**.

ANALYZING YOUR FINAL EHR ROI FIGURES

Once the EHR is live and some data is available, compare the actual results to your forecasts. Again, be sure to look beyond just the dollar figures:

- **Staff and clinician satisfaction:** Has the EHR made jobs easier or harder? Get feedback on training and usability.
- **Patient experience and outcomes:** Are patients seeing benefits from the new system (smoother visits, clearer billing, better coordination)? Survey patient satisfaction and track care outcomes with that fancy new patient portal you sought out during demos.
- **Operational efficiency:** Check if workflows have indeed sped up. If paperwork or scheduling is still a bottleneck, identify why.

If the ROI falls short of expectations, diagnose the cause. Was productivity slower to rebound than planned? Were your goals or timelines unrealistic?

Sometimes the gap is due to poor planning or a lack of training. In that case, take corrective action: provide additional training, clarify user roles, and optimize workflows. Review billing practices so codes are captured fully. In most cases, even a disappointing ROI can be improved through better user adoption and process tweaks.

Use this analysis not just to tally the bottom line, but to continuously improve how the EHR supports your practice.

EHR ROI CALCULATION CHECKLIST

Use this checklist as your baseline framework for forecasting EHR ROI. Each practice is different, so customize each line to fit your practice's setup, staffing, and workflows.

COMPILE EHR COSTS

Out-of-box/subscription price

- Total number of clinician users: _____
- Total number of staff users: _____
- Cloud EHR per-user/month license fee: $_____
- Per-provider subscription or tiered fee (if applicable): $_____
- **Total: (number of users × subscription fee) = $_____ per month**

Implementation costs

- Vendor implementation fees: $_____
- Data migration & chart conversion: $_____
- System configuration/templates/clinical content setup: $_____
- Interfacing (labs, imaging, pharmacies, HIE): $_____
- Workflow redesign/process mapping support: $_____
- Project management: $_____
- **Total: $_____**

Staff costs

- Provider training hours (lost productivity valued in $): $_____
- Staff training time: $_____
- Temporary staffing or overtime during go-live: $_____
- Reduced visit volume during transition (lost revenue): $_____
- **Total: $____**

Maintenance and ongoing costs

- Support contract/helpdesk: $_____
- Annual upgrade or enhancement fees (if applicable): $_____
- Additional modules added later: $_____
- IT security, backups, network improvements: $_____
- **Total: $_____**

Total Costs:

Out-of-box + implementation + staff + maintenance = $_____

FORECAST EHR RETURNS

Operational & administrative efficiency

- Reduced time spent charting: $_____
- Reduced time on phone/fax/paper chase: $_____
- Lower transcription or dictation expenses: $_____
- Fewer chart pulls/no physical storage: $_____

Revenue-related improvements

- Increase in visit volume (more patients/day): $_____
- Reduction in no-shows (automated reminders): $_____
- Improved charge capture/reduced missed billing: $_____
- Faster claim turnaround/fewer denials: $_____
- Incentive payments or penalty avoidance: $_____

Staffing and workflow improvements

- Reduction in administrative staffing needs: $_____
- Lower overtime driven by documentation backlog: $_____
- Streamlined refill requests / prior auth workflow savings: $_____

Add your own forecasted returns

- $
- _____ $_____

Total Returns: $_____

INITIAL ROI FIGURE

Total returns ($_____) / total costs ($_____) = _____ %

ANALYZE INITIAL FIGURES

- Confirm all return assumptions with clinical, administrative & billing leaders
- Validate costs and return calculations with finance
- Calculate:
  - Break-even point (months): _____
  - Time to profitability (months): _____
- Identify assumptions that are high-risk or uncertain
- Apply conservative adjustments where necessary

ADJUSTED ROI FIGURE

Revised total returns ($_____) / revised total costs ($_____)

= _____ % over _____ months