

Electronic health records slow the rise of healthcare costs

15 July 2013

Use of electronic health records can reduce the costs of outpatient care by roughly 3 percent, compared to relying on traditional paper records.

That's according to a new study from the University of Michigan that examined more than four years of healthcare cost data in nine [communities](#). The "[outpatient care](#)" category in the study included the costs of doctor's visits as well as services typically ordered during those visits in laboratory, pharmacy and radiology.

The study is groundbreaking in its breadth. It compares the [healthcare costs](#) of 179,000 patients in three Massachusetts communities that widely adopted electronic health records and six control communities that did not. The findings support the prevailing but sometimes criticized assumption that computerizing [medical histories](#) can lead to lower healthcare expenses.

"To me, this is good news," said Julia Adler-Milstein, an assistant professor in the U-M School of Information and School of Public Health who led the study. "We found 3 percent savings and while that might not sound huge, if it could be sustained or even increased, it would be a substantial amount.

"That said, when we talk about cost savings, it does not mean that the costs went down, but that the costs did not go up as quickly in the intervention communities. This suggests that adopting electronic records helped slow the rise in healthcare costs."

The communities that computerized their records – Brockton, Newburyport and North Adams – did so in approximately the middle of the study period of 2005-2009. All the communities, including the controls, had applied to be part of the Massachusetts eHealth Collaborative's pilot that gave funding and support for entire cities' worth of doctors' offices to convert their records. To

maximize the benefit from computerized records, experts believe it's important that the shift occurs throughout entire communities, rather than piecemeal. This real-world experiment gave the researchers a chance to test that premise.

Adler-Milstein and her colleagues calculated healthcare costs per patient per month, which amounted to 4.8 million data points. They examined not only total cost, but broke the data down by hospital care and outpatient care. They further examined outpatient costs for prescriptions, laboratory and radiology.

They didn't find any savings when they looked at measures of total cost or inpatient cost. The savings showed up when they narrowed the scope to outpatient care.

"That makes sense because the people who adopted electronic records were the community physicians, not the hospitals," Adler-Milstein said. "It's reassuring that the electronic records were adopted on the ambulatory side and that's where we saw the savings."

On average, the researchers estimated \$5.14 in savings per patient per month in the communities with electronic health records relative to those without the records. Most of the savings were in radiology, and Adler-Milstein says doctors may have ordered fewer imaging studies because they had better access to patients' medical histories.

Digitizing health records is expected to lead to higher-quality, lower-cost care as well as fewer medical errors. This motivated the passage of the 2009 Health Information Technology for Economic and Clinical Health Act, which created a \$27-billion incentive program to encourage doctors and hospitals to adopt [electronic records](#).

Critics of using taxpayer dollars to fund electronic health records argue that use of these systems

could actually raise [costs](#) because they make it easier to order tests, and they could be used to justify higher reimbursement.

"I think our findings are significant because we provide evidence to support the use of taxpayer dollars to invest in [electronic health records](#)," Adler-Milstein said. "We really have not had compelling evidence that proved that they would save money. It was assumed, but there are a lot of skeptics. This study helps clarify whether there are cost savings and what the magnitude of those are in the near-term."

More information: The study, "Effect of Electronic Health Records on Health Care Costs: Longitudinal Comparative Evidence from Community Practices," is published in the July 16 edition of *Annals of Internal Medicine*.

Provided by University of Michigan

APA citation: Electronic health records slow the rise of healthcare costs (2013, July 15) retrieved 4 October 2022 from <https://medicalxpress.com/news/2013-07-electronic-health-healthcare.html>

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