




Institutional Return on Information from the Digital Infrastructure



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Agenda

- ▶ **Background & policy context**
 - ▶ **HIT ROI framework**
 - ▶ **Role of HITECH**
- ▶ **Building the case for investment**
- ▶ **Project overview**

Background & Policy Context

- ▶ **Widespread agreement that health IT will improve health and health care**



Background & Policy Context

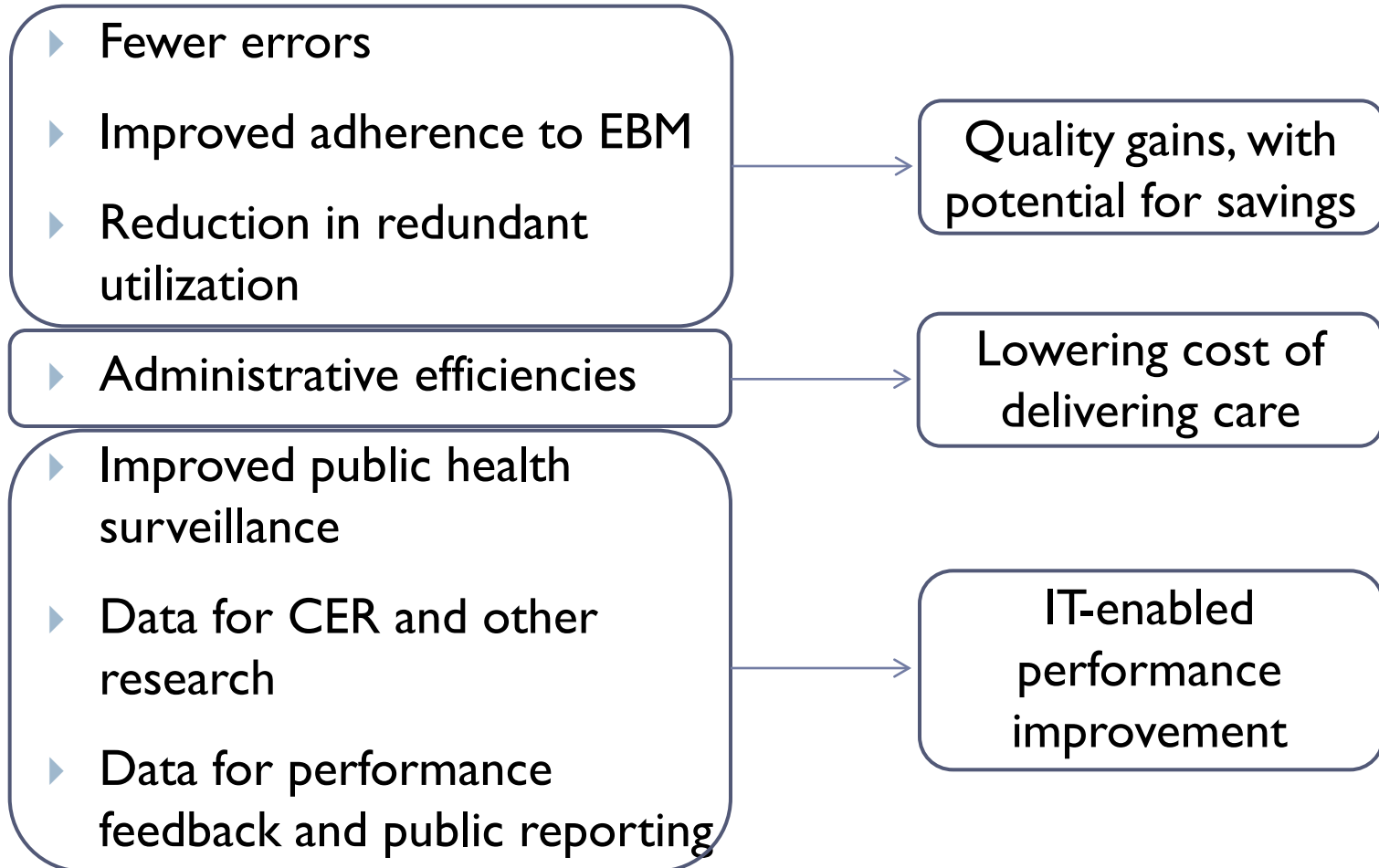
- ▶ **Widespread agreement that health IT will improve health and health care**
- ▶ **Slow adoption of HIT resulting from market failures**
 - ▶ **Those benefitting \neq those paying**

Background & Policy Context

- ▶ Expected Benefits from HIT
 - ▶ Fewer errors
 - ▶ Improved adherence to EBM
 - ▶ Reduction in redundant utilization
 - ▶ Administrative efficiencies
 - ▶ Improved public health surveillance
 - ▶ Data for CER and other research
 - ▶ Data for performance feedback and public reporting

Background & Policy Context

▶ Expected Benefits from HIT



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▶ Benefits from Societal Perspective

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Background & Policy Context

▶ Benefits from the Organizational Perspective

Strongly
positive

Strongly
negative



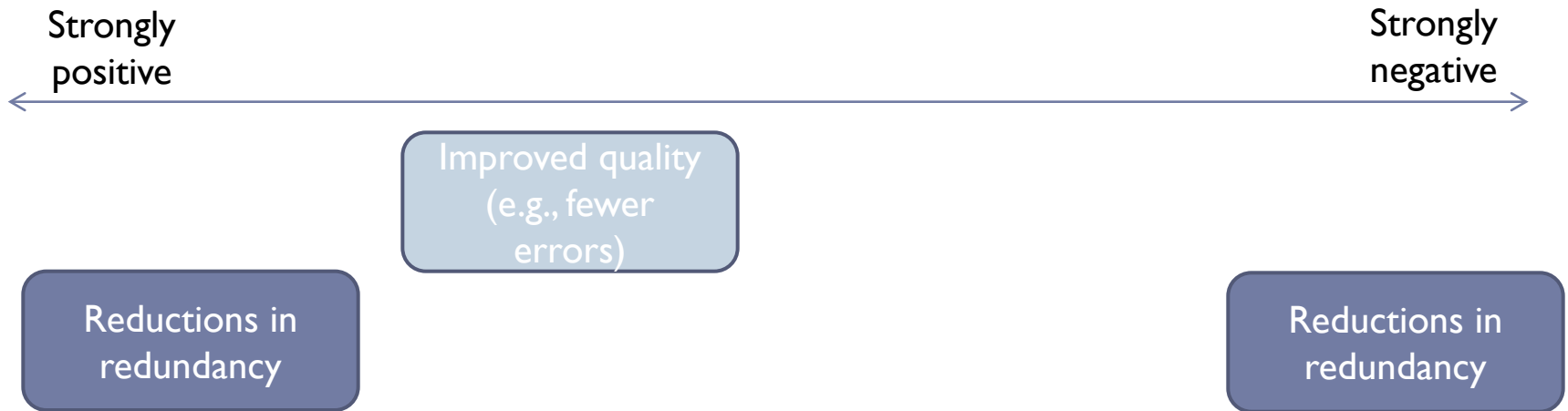
Background & Policy Context

► Benefits from the Organizational Perspective



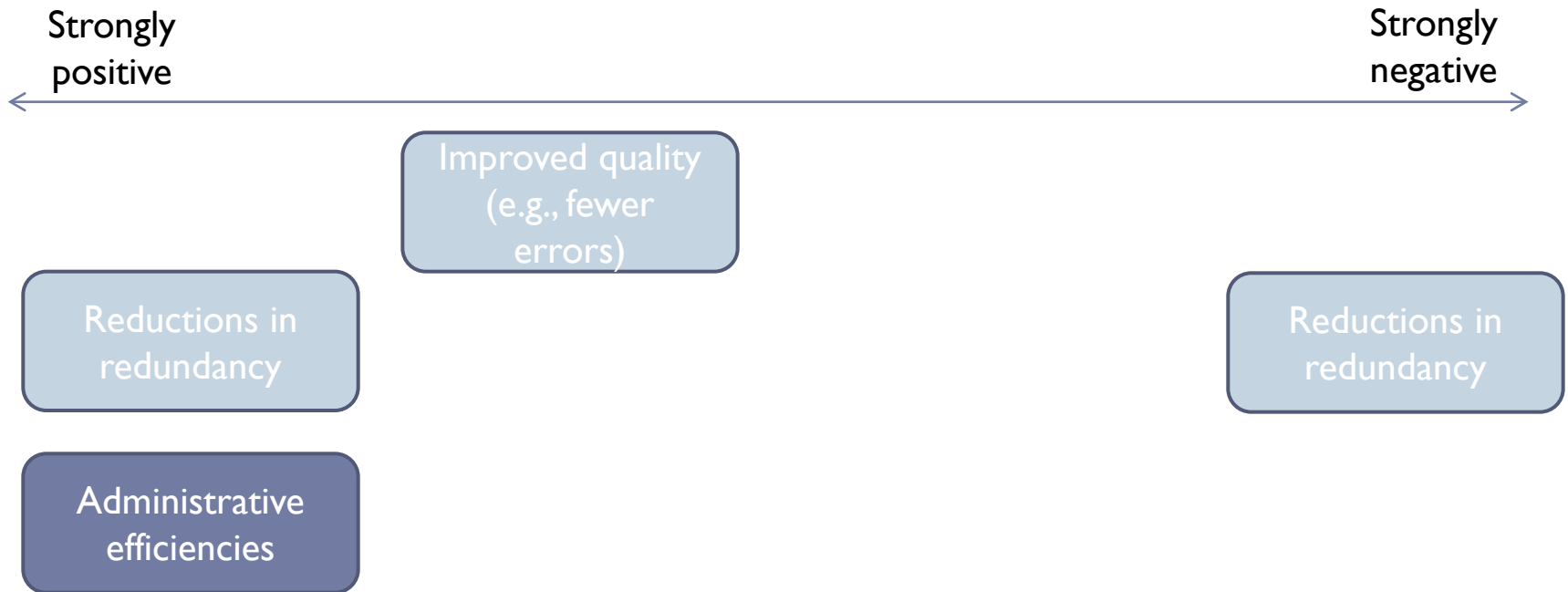
Background & Policy Context

► Benefits from the Organizational Perspective



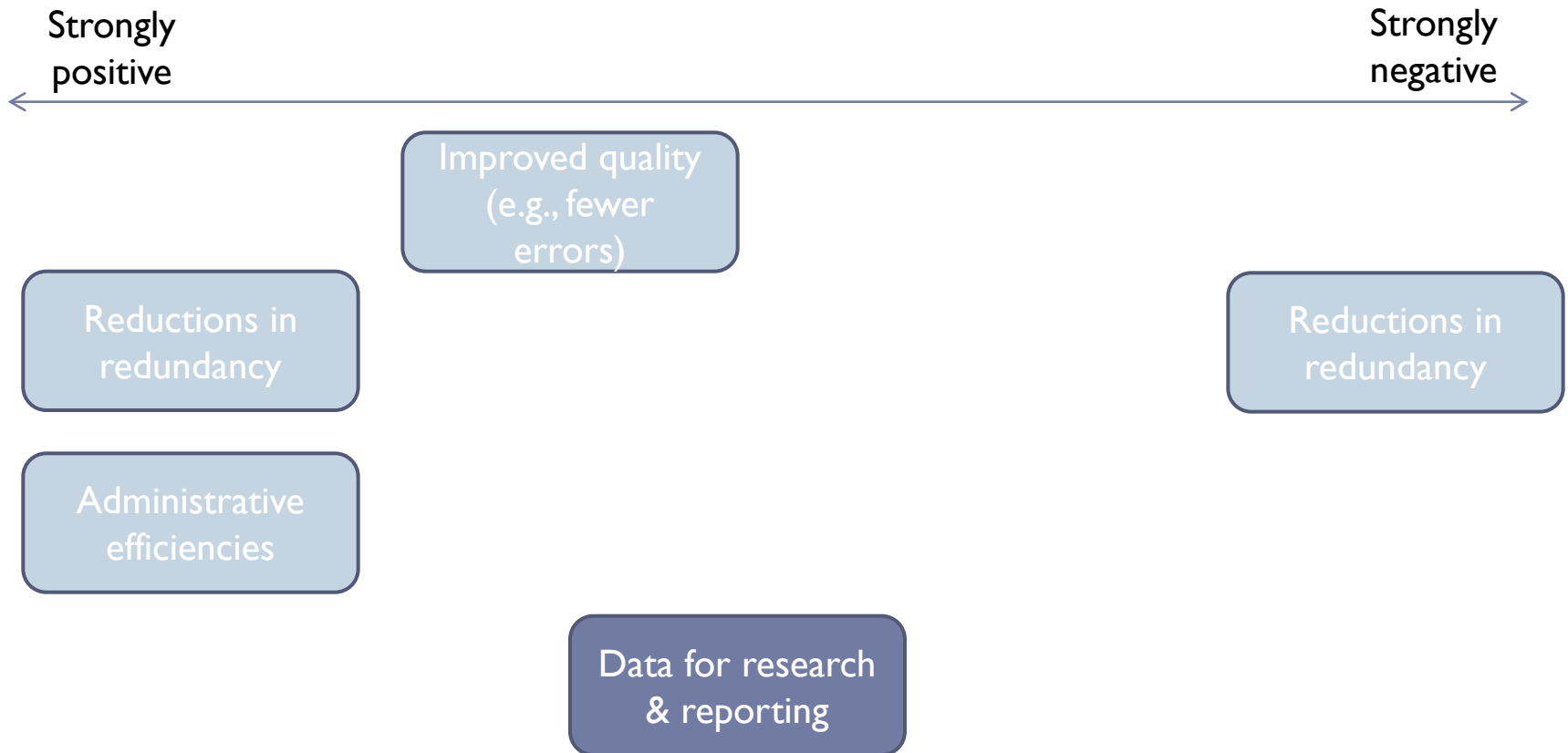
Background & Policy Context

► Benefits from the Organizational Perspective



Background & Policy Context

► Benefits from the Organizational Perspective



Background & Policy Context

► Benefits from the Organizational Perspective



Background & Policy Context

▶ Benefits from the Organizational Perspective

Reductions in
redundancy

Administrative
efficiencies

▶ Small \$

▶ Not consistently realized

Background & Policy Context

- ▶ Costs from the Organizational Perspective
 - ▶ Systems are expensive – direct costs, hidden costs, opportunity costs
 - ▶ Systems are disruptive
 - ▶ Market is immature – cost of buying a bad system is high, technology changing, vendor instability

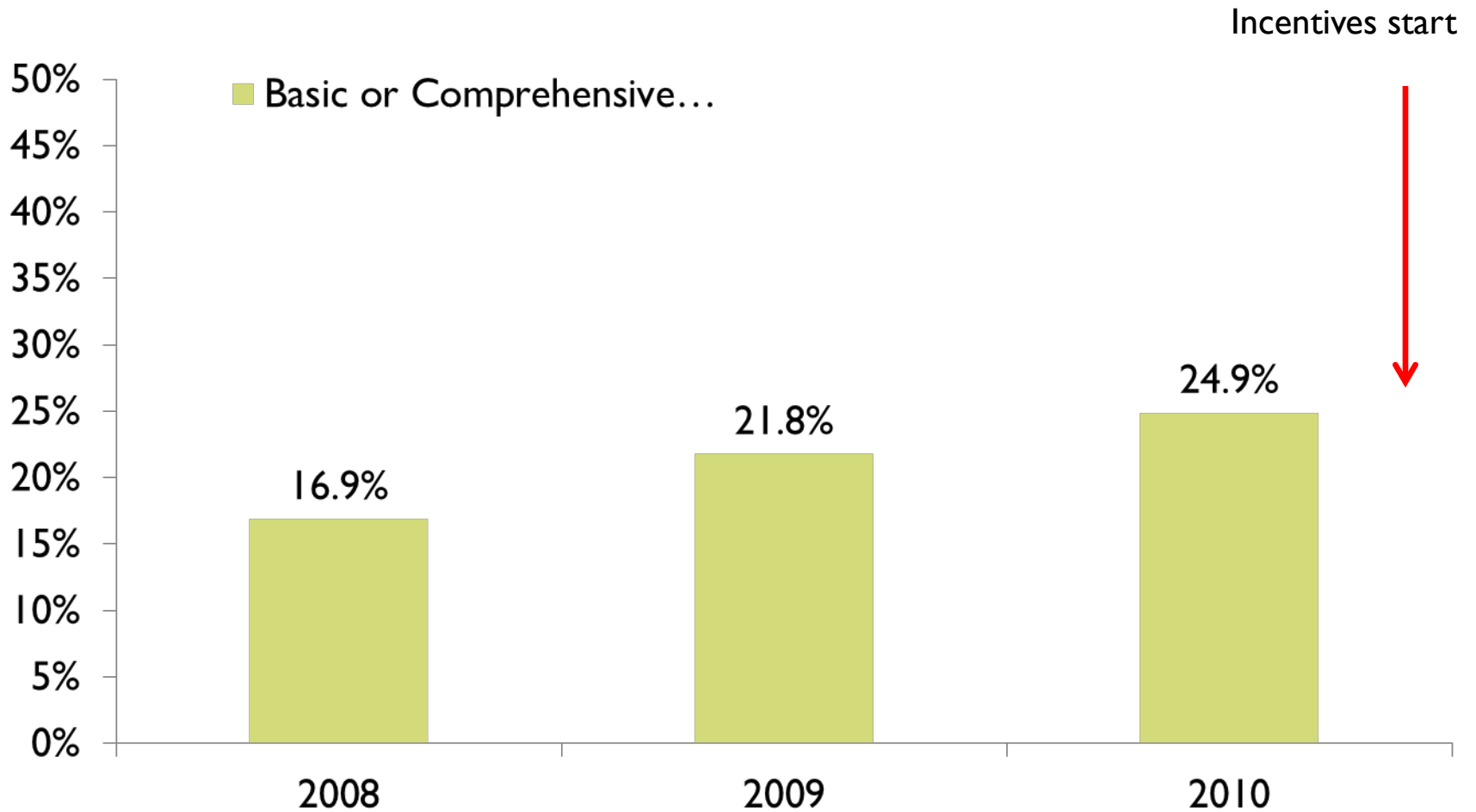
Background & Policy Context

- ▶ Benefits are uncertain, costs are very real
- ▶ Government intervened with \$27 billion in incentives to stimulate HIT adoption
- ▶ Incentives are structured first as carrots, and then as sticks
- ▶ Goal is to shift the cost-benefit balance towards positive

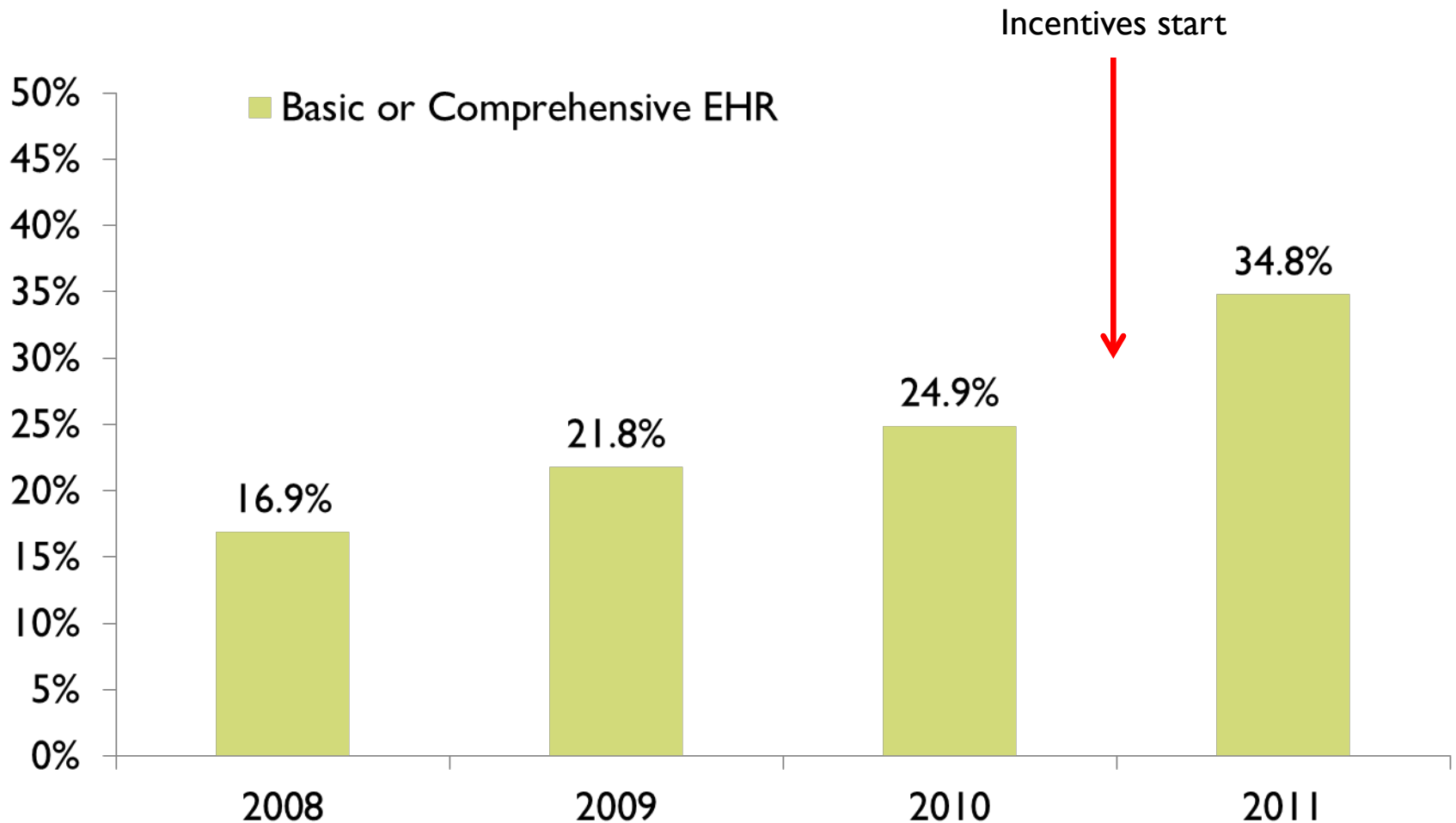
Background & Policy Context

- ▶ And it seems to be working

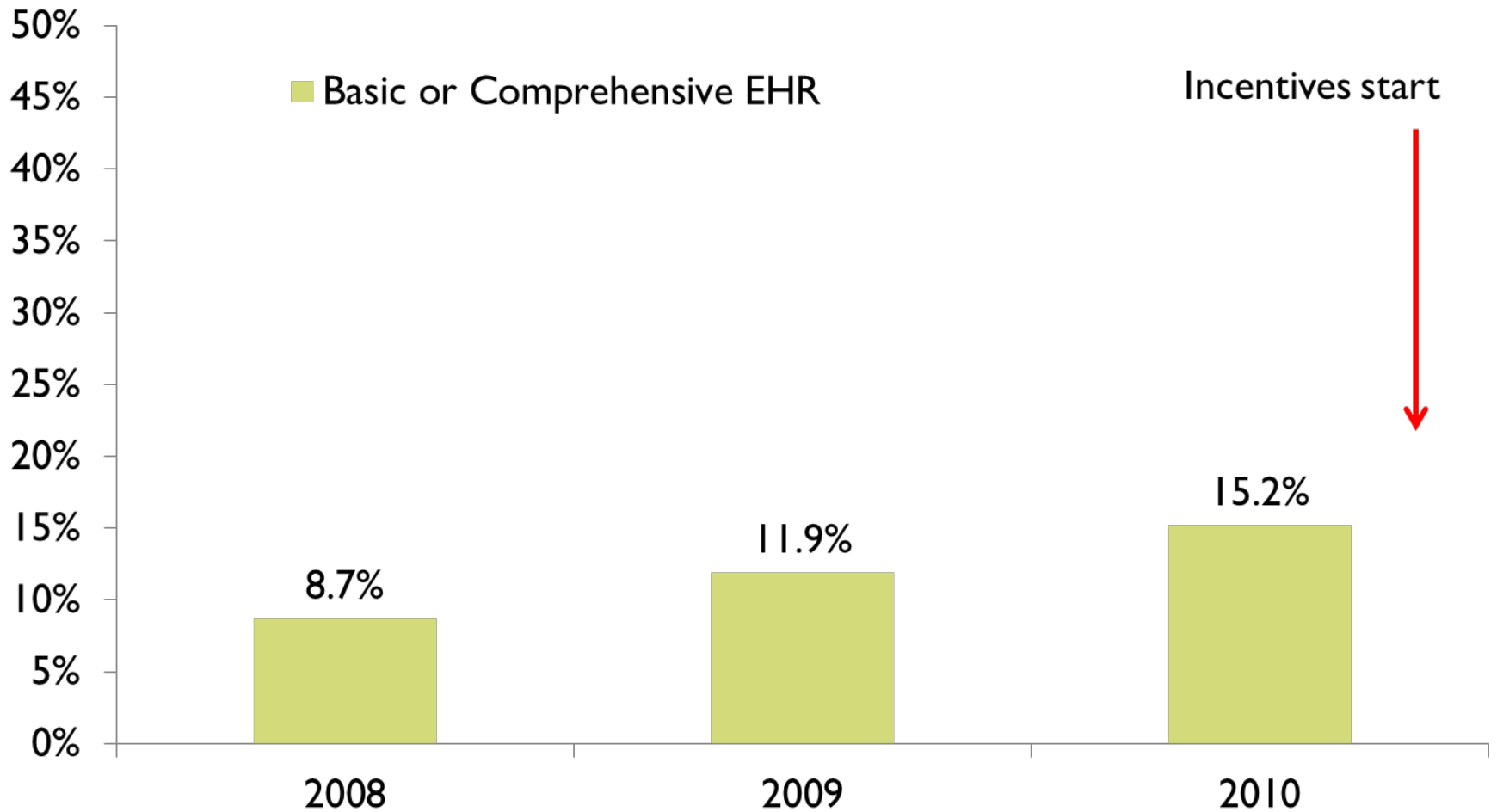
Ambulatory EHRs



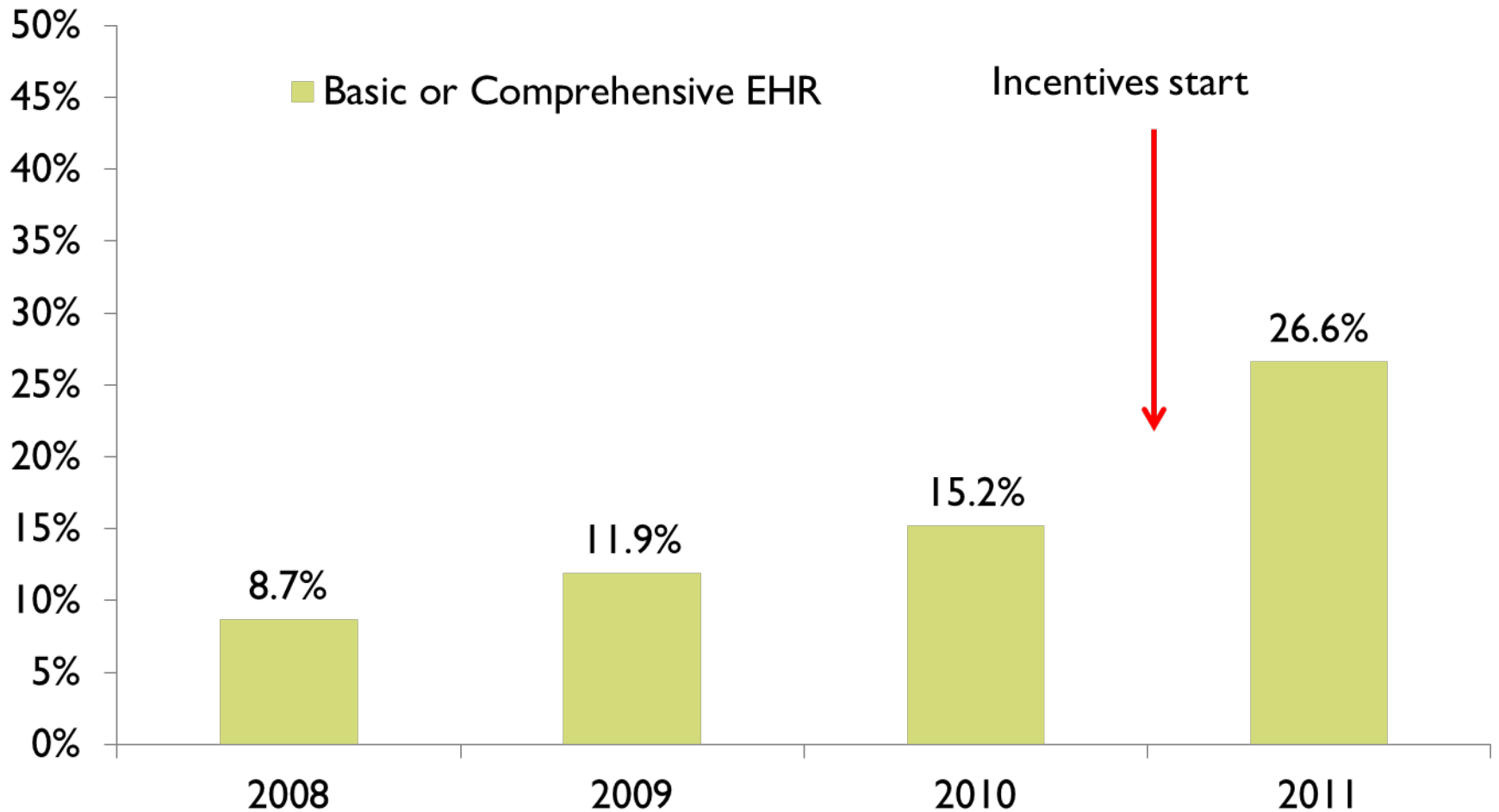
Ambulatory EHRs



Hospital EHRs



Hospital EHRs



What has HITECH accomplished?

- ▶ Has set an **EXTREMELY** ambitious agenda
- ▶ Has brought HIT from CIO office to Board room
- ▶ Debate is no longer *whether* to adopt, but *when* and *how*
 - ▶ Mental and cultural shift
- ▶ Accelerated HIT adoption
 - ▶ Physicians and hospitals on the steep part of the S curve



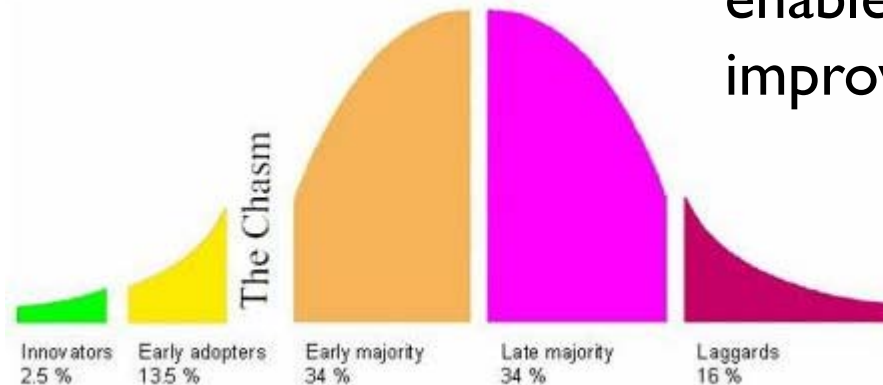
What still needs to be addressed?

Laggards

Early majority

- ▶ Understand what is holding them back & make the case to adopt sooner

- ▶ Help them see the value in going beyond meaningful use to more fundamental IT-enabled performance improvement



Building the case for investment

- ▶ We lack a **standard framework** (or Generally Accepted Accounting Practices) for quantification of value realization from HIT
- ▶ Investment decisions require a **detailed & comprehensive ROI model** from the organizational perspective
- ▶ This can help speed adoption among laggards as well as encourage further investment among early majority

Project Overview

- ▶ A working group of Digital Learning Collaborative participants will draft an **IOM Discussion Paper** laying out the context, theoretical costs and benefits, empirical evidence, and facilitators/barriers
- ▶ A **small meeting of large and small healthcare organizations** will be convened to explore their experiences and assess their needs, with the Discussion Paper as the basis
- ▶ If support is available, input from the meeting will be incorporated into an **ROI model** for healthcare organizations