Driving ROI

The Business Case for a Cloud-Based EHR System for Critical Access Hospitals

HOBSON & COMPANY

Azalea HEALTH

The Business Case for a Cloud-Based EHR system

Critical Access Hospitals (CAHs) provide a critical safety net for rural communities and deciding which Electronic Health Record system to use can have serious consequences. EHRs have undergone significant changes since they were first introduced but many still remain clunky and difficult to use. It often takes many clicks to get to the appropriate screen, whether for patient registration, charting or even billing which can directly impact patient care and revenue. For CAHs with associated clinics, the problems are amplified.

For those CAHs with an on-premise EHR infrastructure, the management of the system can be extremely complicated, taking up valuable internal resources. Every time the infrastructure needs to be replaced or upgraded, it is costly and time consuming to the facility.

Hobson & Company, a leading research firm focused on return on investment (ROI) studies, worked with Azalea Health, a leading provider of cloud-based EHR and RCM services, to explore these challenges and learn how CAHs are responding. Hobson & Company conducted independent research consisting of in-depth interviews with Azalea CAH customers and found that Azalea's Hospital EHR along with Ambulatory EHR and RCM addressed specific customer challenges to deliver a quick and compelling ROI.

ROI Analysis from Client Interviews

Financial Metric	3 Year Value	ROI
Payback (months)	4.6	168%

Based on this analysis, a Critical Access Hospital with 25 beds and an associated clinic with 8 providers spending $144,000 per year on Hospital EHR and $70,000 per year on Ambulatory EHR would payback the cost of the Azalea Health solution in 4.6 months and generate an ROI of 168% over three years. The goal of this research study is to highlight examples of validated use cases where the impact of Azalea Health's EHR and RCM solutions are not only strategic but measurable, based on key metrics confirmed by current users. The key financial metrics were calculated using standard financial modeling methods.

Critical Access Hospital Challenges

Customers interviewed for this study noted that there are consistent operational, quality of care and revenue challenges in working with their current, antiquated EHRs. Below is a list of some of the most universal concerns.

Complicated government filings

As the customers noted, it is challenging to stay up to date with government quality and performance requirements. Difficulties understanding which data is required and then properly submitting the appropriate forms can increase the risk of penalties being issued.

Difficult patient management processes

A well-known fact of using an EHR is that many systems are overly complicated and require multiple clicks to get to the required information. Patient registration can leave both the patient and the registration manager frustrated while patient charting can take up valuable provider time. Additionally, submitting patient claims and researching denials often requires multiple staff, further straining already stretched budgets.

Challenging revenue recognition

Customers were quick to point out that the number of denials increases with more complicated EHR systems that do not understand the nuances of CAH and Rural Health Clinic filings. Without insight into performance and effectiveness of collections, it is difficult to track accounts receivables and denials.

Increase Operational Efficiencies

Reduce time spent charting

Customers noted that Azalea Health's Hospital EHR cloud-based solution supports the unique workflows of Critical Access Hospitals, including the Emergency Department, swing beds, care level transfers, and inpatient levels of care. The customized templates allow for collaborative charting and creation of favorite chart notes.

Those hospitals using Ambulatory EHR for clinics noted that its cloud-based solution displays all chart information on one screen: one-click to perform split claim billing; drag and drop care level transitions; capture billing codes/claims; send prescriptions to pharmacy; order labs and schedule follow ups. The customized templates allow for collaborative charting, single-page SOAP notes, and creation of favorite chart notes.

Customers interviewed reported:

↓**15%** (Hospital EHR)

↓**30%** (Ambulatory EHR)

REDUCTION in time charting

> *"Providers can log in from anywhere. They don't have any software to download and can dictate their chart notes via phone or on their computer."*
>
> **- Director, Business Office**

Reduce time on patient registration

Critical Access Hospitals interviewed confirmed that using Azalea Health's Hospital EHR patient registration system auto-generates fields to create a chart quicker.

If a hospital was also using Ambulatory EHR for its clinics, there were additional benefits since Azalea Health's Ambulatory EHR is customizable and transparent across providers and locations. It performs integrated eligibility checks, allows for drag-and-drop functionality for scheduling, and captures patient financial information and stores it on file for future use.

Customers interviewed reported:

↓15% **(Hospital EHR)**

↓25% **(Ambulatory EHR)**

REDUCTION in time registering patients

"There has been a big time savings updating patient demographics which are also more accurate."

- **Director of Operations**

Save time/cost of managing EHR infrastructure

Customers noted that switching to Azalea Health's Hospital and Ambulatory EHR cloud-based, zero-server solutions requires no installation or maintenance and interfaces directly with labs and other health systems.

Customers interviewed reported:

↓50%
Reduction
in time and cost of managing EHR infrastructure

"Azalea Health is very reasonable, especially for small rural hospitals. It has saved us money because we forgo the huge outlays of cash that would be needed up front to support other EHR systems."

- Director of Operations

Reduce time on managing billing

Customer interviews confirmed Azalea Health's Hospital EHR allows billing staff to track payments easily using advanced filters to sort data by financial claims, payor or carrier. Claims can be submitted individually or batched and sent to the clearinghouses with one button.

For hospitals with clinics, Azalea Health's Ambulatory EHR Practice Management billing system manages all billing activities including verifying eligibility, taking payments, and modifying payments. Claims are generated automatically from the encounter, and it connects directly to the clearinghouses.

Customers interviewed reported:

↓10% **(Hospital EHR)**

↓50% **(Ambulatory EHR)**

REDUCTION in time managing billing

"Submitting claims went from 45 minutes per batch to 5 minutes per batch."

- Hospital Administrator

Improve Quality of Care

Avoid Quality and Performance penalties

Critical Access Hospital customers noted that Azalea Health's Hospital EHR automatically includes Quality Measures (EHR eCQM/IQR) reporting baked into the software. Every time a claim is created, the system shows proof of timely filing resulting in an audit trail.

Customers interviewed reported:

↓10% Decrease
in number of denials

"The meaningful use data is in Azalea. We have not had any issues with the 9% penalty and both hospitals have been able to comply."

- Director, Business Office

Optimize Revenue

Reduce days in A/R

For those Critical Access Hospitals with associated clinics, customers noted that Azalea Health's Ambulatory EHR Practice Management solution collects accurate payments at time of service with integrated Patient Responsibility Estimator and merchant services. Azalea Analytics reports on performance and effectiveness of the collections department with matched A/R reports and trending metrics that can be filtered to detailed patient listings.

Customers interviewed reported:

↓10% Reduction
in days in A/R

"It is much easier to submit the claims."

- Billing Manager

Reduce number of denials

Customers confirmed using Azalea Analytics for the clinics enables a practice to make sure a claim was paid and paid correctly. The analytic dashboard creates alerts on the source of denials while continuously monitoring denials and resolution rates to ensure that the trends are heading in the right direction.

Customers interviewed reported:

↓10% Decrease
in number of denials

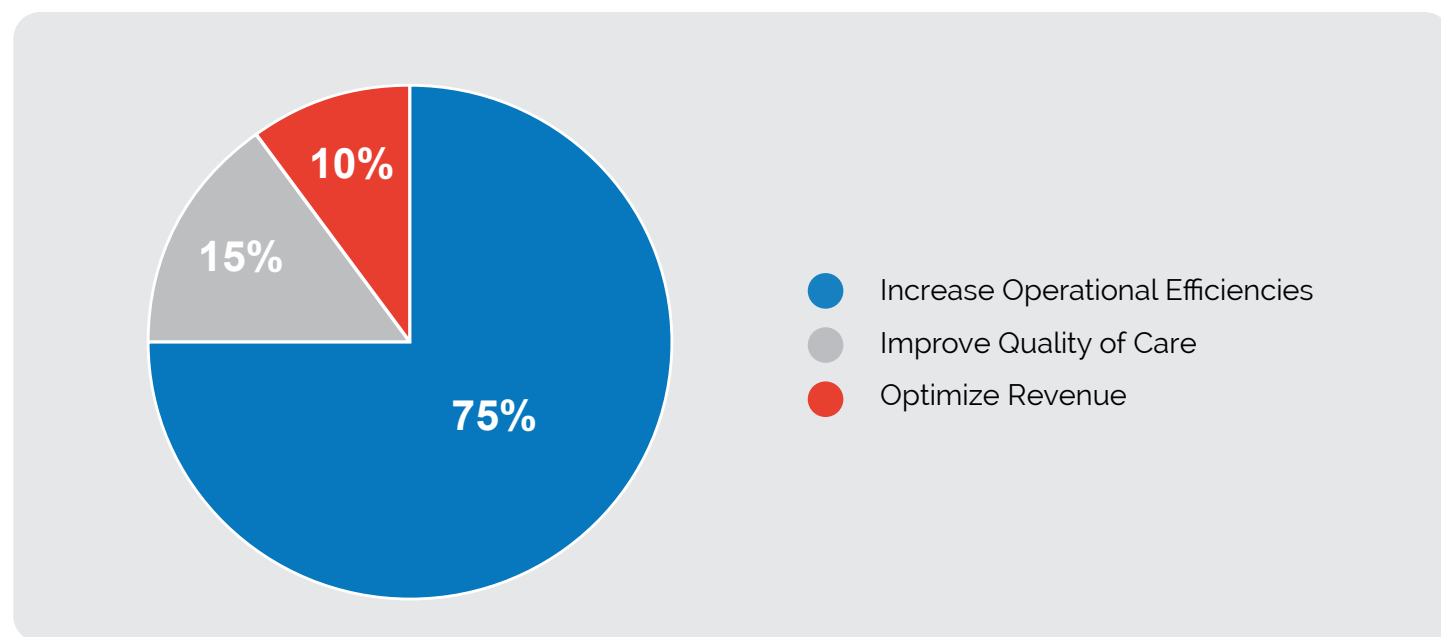*"We are able to submit cleaner claims which reduced our denials by 15%."*

- Billing Manager

Summary

A total of 5 distinct Azalea Health Hospital EHR and 6 distinct Ambulatory EHR benefits were identified during the customer interviews for this research paper. Below is a sample of the top 7 combined benefits and their potential 5-year value to a Critical Access Hospital with 25 beds, 10,000 patients per year, and an 8 provider clinic with 1,600 patients per year spending $213,000 per year.

"An annual investment of $213,000 generated a positive return in 4.6 months, with annual benefits exceeding $570,000 per year."

The value of Azalea Health's Hospital and Ambulatory EHR is immediate and easily demonstrated. For this sample Critical Access Hospital, an annual investment of $213,000 generated a positive return in 4.6 months, with annual benefits exceeding $570,000 per year. The 3-year net present value (NPV) and return on investment (ROI) are strong at $890,000 and 168%, respectively. The key financial metrics were calculated using standard financial modeling methods.

$969,141	$768,089	$450,000	$255,000	$207,158	$120,604
Reduce time managing billing (Amb)	Save time/cost of managing EHR infrastructure (Hosp)	Avoid Quality and Performance penalties (Hosp)	Reduce number of denials (Amb)	Save time/cost of managing EHR infrastructure (Amb)	Reduce time spent charting (Hosp)

- 75% Increase Operational Efficiencies
- 15% Improve Quality of Care
- 10% Optimize Revenue

About Azalea Health

Azalea Health is on a mission to empower underserved healthcare providers with a health IT platform that improves patient care and profitability. Offering a 100% cloud-based integrated platform, Azalea Health delivers electronic health records, revenue cycle management, data insights and telehealth solutions designed for rural and community practices and hospitals. Quick to deploy and intuitive to use, Azalea Health solutions ensure better care coordination and communication – enabling better outcomes and a meaningful competitive advantage. The Azalea Health platform also provides tools and resources to help clients meet their Meaningful Use requirements, as well as strategies to navigate accountable care and alternative payment models. Above all, Azalea Health strives to deliver a simplified EHR experience that is loved by all who use it. For more information, visit www.azaleahealth.com.

About Hobson & Company

Hobson & Company helps technology vendors and purchasers uncover, quantify and validate the key sources of value driving the adoption of new and emerging technologies. Our focus on robust validation has helped many technology purchasers more objectively evaluate the underlying business case of a new technology, while better understanding which vendors best deliver against the key value drivers. Our well researched, yet easy-to-use ROI and TCO tools have also helped many technology companies better position and justify their unique value proposition. For more information, please visit www.hobsonco.com.

Disclaimer: The Return-on-Investment (ROI) and other financial calculations performed by this tool are based on data provided by Azalea Health customers and various assumptions and estimates only. The actual ROI realized by customers may vary from the estimates provided. Azalea Health and Hobson & Company (the firm that created the tool) are not responsible for the accuracy of any estimates.