Key Strategies for Implementing and Upgrading Electronic Health Records (EHR) Systems

Involve Executive Management and Implement Effective Controls

The involvement of senior management is critical to a successful implementation. Often, the executive team may participate in the selection process and pricing negotiations, but fall to the sidelines during implementation due to the complexities of implementation.

Senior executives should demonstrate that an EHR implementation is not just an IT project, but rather a business transformation entailing foundational changes to achieve designated objectives. A fundamental objective is specific improvements to patient care and safety, which often will require the organization to restructure care delivery to meet the changing requirements of a reforming health care system.

The risks of the project must be understood by all at the executive level, and effective controls must be put in place. In order to provide appropriate visibility to management, effective management controls must be in place. Consider building a risk matrix to address both project risk management and operations/production risk management. These and other tools can be invaluable in managing the EHR system toward a “knowledgeable” launch. Problems are to be expected, but if there is a plan in place that includes appropriate tools, and the plan is properly executed, those problems simply become part of the process.

Project risk management involves managing the risks of project activities through (1) understanding the outstanding problems/issues; (2) ensuring fixes, including appropriate workarounds, are in place in a timely manner; and (3) assessing the risks and their impact on the project.

Operations/production risk management involves (1) understanding the risks to operations prior to project activities that can affect operations; (2) mitigating risks where it makes business sense; (3) developing impact-detection approaches and early warning systems; (4) developing workarounds and trigger times for implementing the workarounds; and (5) establishing ownership for risk management across the enterprise and project team.

Validate that the company’s commitment to the project is real. Having executives nod “yes” to a concept six to 12 months before key people are notified of their responsibilities and commitment does little to ensure those resources will be there when needed. You must keep the executives aware of the timelines, particularly those that will affect their unit(s) and their commitments. If there is no back-up plan for the loss of a committed individual from a particular unit, you can expect difficulty in obtaining a replacement when needed. Assist your executives with planning templates that identify any additional resources that might be missing at a particular point and help to identify a game plan for securing those resources. Ensuring that your company’s “A” team is available as planned can be one of the most important elements of a successful EHR implementation.
Be Sure You Devote Sufficient (and the “Right”) Resources to the Project

AT A GLANCE

- Organizations must realistically assess the financial and personnel resources needed for aggressive vendor management and build those resources into the project budget.
- The problems with most EHR implementations do not arise from the lack of a plan, but from the failure to execute the plan.

The allocation of the appropriate number of qualified resources to manage both the project and vendor relationship is an essential ingredient to success.

Most companies provide internal project management resources. However, even these resources are sometimes insufficient and not appropriately qualified for the task. Few companies acknowledge or staff for the real cost of vendor management. Aggressive vendor management will reduce overall risk and increase the chance of on-time/on-budget delivery. The overhead of the resources required to manage the relationship should be built into the project budget.

A senior executive, preferably a clinical executive, should take on the role of the project sponsor, and be assured of full support from, and access to, the CEO. The project should be viewed as a top-driven strategic priority.

EHR implementation is hard work and expensive. Be honest about the internal commitment needed from key people in your organization in both the planning and implementation phases, and the level of resources required to effectively manage the process, including vendor management and value realization.

The problems with most EHRs do not arise from lack of a plan. The problems arise from the failure to execute on the plan and from lack of experience in assessing the scope and cost of the internal resource commitment to make an EHR implementation work. We have seen excellent project “charters” with important concepts, such as “there shall be no customization,” that were clearly neither read nor operationalized by the company. Most EHR projects do not include a realistic accounting of the internal cost to effectively manage the project to a successful outcome.

To achieve success, a company must fairly assess the skill sets of all internal participants and compensate for any skills that are absent or not well represented. If the project sponsor is an excellent negotiator with a good grasp of the business, but has a minimal understanding of technology and team building, it is essential to ensure that those skills are represented at the project-management level.

Utilize Phased Implementation for Complex Projects

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- While an EHR agreement may be structured in phases, all phases should be negotiated and included in the agreement before the project begins.
- Deferring the negotiation of certain issues to a later date can be extremely damaging to the overall success of the implementation since, once a project begins, the customer loses significant leverage with the vendor.

Your EHR implementation should be structured in phases, which may include a pilot or the blueprint phase, with “off ramps” based on vendor performance or corporate strategy change. However, “phases” does not mean “incremental”—you should still address all implementation issues upfront.

It is highly recommended that the implementation agreement for the entire project be negotiated before work begins on the pilot or blueprint phase. Typically, once work on an EHR project begins, there is a significant loss of customer leverage should questions under the vendor relationship arise in the future (and they likely will), thereby greatly diminishing your ability to control the relationship with the vendor. While there is always great pressure on companies to get projects started—which can result in proceeding with and treating the blueprint phase as a discreet project—the consequences of this decision should be understood:
Even with a right not to proceed with subsequent phases with the vendor, the likelihood of changing vendors after the blueprint phase (even if there is some significant level of dissatisfaction) is low. As a result, the blueprint phase should not be viewed as a distinct and severable segment of work, but rather the first milestone in a complex process leading to the delivery of an EHR system that functions in accordance with its specifications, including your business objectives, by the vendor to your company.

You will lose significant leverage with the vendor once the work begins with regard to key contract issues, such as vendor accountability, services definition/scope, pricing, risk sharing and interim remedies, IP ownership, and confidentiality.

You will lose the opportunity to view the entire project as a whole as well as all related costs and responsibilities at the more granular level that necessarily results from addressing the requirements of each phase of the project in detail.

Negotiating the entire implementation transaction upfront will not compromise the flexibility needed to change the project in response to knowledge gained from the blueprint phase. You will simply set the rules of engagement for the next phases.

Implement an Effective Vendor Scope and Scope Change

High-level SOWs will not work well in the context of an EHR implementation agreement. Even assuming that an above-average level of detail is included in a SOW, if a task (even if logically linked to other described tasks) is not specifically addressed in the SOW, a vendor will likely request a change. Though changes typically require agreement from the customer, this is often an illusory protection. As the project progresses, the right to disagree with requested changes is often coupled with a decision to stop work. Frequently, the need to continue working trumps legitimate disagreements about changes.

Be Prepared to Deal With Employee Change Management

The definition of “services” is of critical importance in an EHR implementation agreement. Whether the agreement is priced as a fixed-fee transaction, time and materials, or a hybrid, the importance of the definition of services is a constant. EHR implementations are characterized by a good deal of “in-flight” change. Change is necessary. But if change is not minimized and adequately controlled in the SOWs, it can be very expensive.

A broad definition of services is useful in limiting vendor claims of “out-of-scope” activity and requests for additional money. Typically, vendors take the position that any task not included in the applicable SOW is a change — and the vendor is not obligated to work on a change if it does not agree on price and schedule adjustments. Therefore, it is important that each SOW provides a complete and detailed description of services.

Effectively managing change, vendor scope, and budget creep is critical to a successful implementation.
In addition to change orders, the other big “change” inherent with EHR implementation is the change to business flows and processes that substantially impact employees. Change management addresses this critical area.

A big part of change management is “expectation management.” Expectations regarding benefits should be explained, such as improved patient safety and quality, and opportunities for better productivity and delivery, and richer data for research and clinical uses. The CIO plays an important role in communicating expectations regarding vendor product efficacy, implementation support, required investment and resources, schedule and scope management, and alternative approaches to business flows and processes. The messaging should come from the executive team, not the IT department. Sharing the details of the implementation process and benefits with all stakeholders — from product selection, during implementation to post-implementation resolution of issues — is key to successful deployment of EHR technology.

While strong senior management support is critical to project and vendor management, it is equally important for the change management process. Physicians and nurses are much more willing to embrace (or at least work through) change if senior management is actively involved in the process. The message that “there is no turning back” must be communicated early and often by the executive team.

Remind stakeholders that EHR adoption is not an option, but required. It is not just a matter of incentive payments; significant penalties can be incurred if EHR is not.

Initially during the learning and training stages, the new EHR system will be slower. Challenge staff to learn not just “survival techniques,” but to look for work flow and process changes that best take advantage of the new functionality afforded by the EHR system.

View this as an opportunity for improvement. Implementation of a new or upgraded system is the perfect time to modify existing flows and processes to be more effective and efficient.

Incentive payments require “meaningful use.” Accordingly, training should not educate users just on the basic functionality of the system, but should emphasize an expectation for effective use of the system. Wherever possible, the benefits of the new process should be clearly communicated.

Physician involvement is critical. Successful EHR implementations often involve at least one physician to take a prominent role in the process. Physicians listen to and learn best from other physicians.

**Tie Vendor Payment to Performance**

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- A useful strategy for achieving optimal vendor performance is tying some percentage of payments to reaching key milestones or providing for payment withhold rights based upon non-performance of key contract elements.

Vendor compensation should be tied to vendor performance, and vendor payment also must be tied in some meaningful way to performance. There are multiple methods to accomplish payment for performance that, assuming a vendor is performing, do not dramatically impact vendor revenue streams. One easy approach is to pay some percentage of the invoices under each SOW — for example 80 percent, pending completion of all tasks related to a key milestone to which the task is linked. Upon timely completion of that key milestone, all withholds relating to that task grouping are released.

There are many variations on this payment tied to performance theme that can be developed. You could also go for the simpler, but equally effective, approach of requiring a broad withhold right. Whatever method is selected, you must have the right to withhold a sufficient amount of vendor profit to motivate them to perform in accordance with the agreement or correct problems with performance.
Closely Manage Vendor Staffing and Continuity

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- Another key to successful implementation is effectively managing vendor employee turnover, requiring the reassignment of poor performers and assuring the continual availability of vendor experts.

- Managing these factors also can facilitate the speed of the implementation that, in turn, can materially enhance the aggregate stimulus payments received.

Managing vendor employee turnover and capturing the right subject matter experts within the vendor’s organization for your project is a key to success.

In light of the increased demand for EHR / IT implementation due to the Medicare / Medicaid incentive program and the improving economy, managing vendor staff continuity is critical. Health care providers face a competitive market for IT staff needed for a successful and timely implementation. Assuring adequate vendor staffing on the front end and dealing with staff turnover as the project progresses create both project and cost issues for your company.

This is exacerbated by the phasing of incentives that puts a premium on moving quickly toward EHR implementation. The issue is not just timing of when the incentives are paid but also the aggregate amount – providers get more overall stimulus funding by qualifying for incentive payments sooner rather than later.

Accordingly, companies should utilize and enforce contract language that requires the vendor to use properly trained and qualified personnel, limits the vendor’s ability to reassign key personnel, gives the company broad rights to require reassignment of poorly performing or problematic vendor staff, and requires the vendor to absorb the costs of ramp-up and knowledge transfer from reassignments.

Utilize Robust Acceptance Testing Procedures

**AT A GLANCE**

- An organization’s “acceptance” of key elements of the implementation should never be tied to time, but rather to the satisfactory achievement of key project processes.

The acceptance testing approach, and other measures tied to project success, should be well evolved at the outset of the implementation.

Your agreement should include a detailed “default” acceptance process that applies in the event a more specific process is not defined in a SOW. You should never agree to the vendor-promoted concept of “deemed accepted.” As the EHR implementation evolves, changes in one area may negatively impact a previously functioning module. Also, until year-end close and other material operational events pass without problems, it is difficult to know if all the pieces are working together properly.

Consequently, acceptance cannot be tied to time; rather, it must be tied to events. This is a particular area of concern when companies buy licenses ahead of the planned implementation. It is critical to overall project success that both the software and implementation vendor be committed through acceptance.

Standard vendor software warranties may often expire before the company even begins implementation. The agreement should be drafted to ensure the vendor is contractually obligated to make sure the software is working properly before acceptance and final payment.
Have an Effective Problem Identification and Resolution Process

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- Successful implementations include a robust project management approach that results in the early identification of problems and requires cooperation and problem solving among the multiple actors often involved in EHR implementations.

- To avoid finger pointing, vendors must commit to work through problems not only in their own areas of responsibility, but in areas that may cross over with another vendor’s responsibilities.

While early identification of project issues is a shared responsibility of all project participants, there must be a process in place that includes formalized participant responsibilities to identify and address issues as they arise.

Companies must recognize there are multiple actors involved in any EHR implementation. At each step, it is important that interdependencies (and the party responsible for managing them) are identified.

Frequently, customers dismiss this concept on the ground that “We are responsible for overall project management.” Even if that is the case, the customer is unlikely to have the eyes and ears in the field to act as an “early warning” for problems. We recommend that a robust project management approach be included in the agreement addressing the vendors’ obligations to work together to achieve a successful implementation.

Finger pointing is inevitable in a multi-vendor environment, so you need to address it upfront and obtain vendor commitments to work through such issues from the company's viewpoint. Effective operation of such a multi-vendor environment requires not only the cooperation among all service providers, including the EHR implementation vendor, but also collaboration in addressing service-related issues that may cross over from one service area or vendor to another and related to the services (cross-over issues). As part of the services, the vendor should be required to actively provide and support tasks associated with operating and maintaining a collaborative approach to cross-over issues in the same manner as if the vendor were standing in the company’s shoes.

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