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Will EMR help Community Hospitals Survive?

It is common to hear patients describe their local community hospital with praise and affection. But in today's healthcare age, there are serious questions about whether community hospitals can maintain their independence from corporate ownership over the long run, or even survive.

Many community hospitals get the majority of their inpatient revenue from Medicare, Medicaid and other state plans that are known to be increasingly hindered by debt. The financial troubles facing many independent community hospitals nationwide that are not part of a health system or owned by a chain, has increasingly become more common. Banks have grown reluctant to hand out loans in a lagging economy, making it difficult for hospitals to pay for capital improvements. It is well known that Medicare and Medicaid reimbursement rates haven't kept up with hospitals' costs. As a result, some medical centers are laying off employees, including nurses and management just to keep their hospitals afloat. Additionally, the increasing financial burden of rising healthcare and insurance costs are now being transferred to patients. Even worse, many independent hospitals lack the ability to get higher payments from insurers and steeper discounts from suppliers because they are not part of larger hospital system.

Despite the financial strains, being an independent community hospital means that physicians will have a local hospital that they can have a long-term relationship with. This allows physicians to have some control over how they treat their patients, which goes a long way in enhancing confidence among patients that they will receive better care. It is this lure of the community hospital that has these facilities resting their confidence and hopes on the new electronic medical record (EMR) age.

The new EMR mandate and adoption of meaningful use criteria by hospitals may help save the local community hospital. EMR will allow hospitals to track and report patient outcomes. This should make the hospitals more efficient when it comes to patient care, and this helping to improve patient outcomes will ultimately will save these facilities money. In short, EMRs promise to do three things: enhance patient care, create a smaller environmental footprint, and manifest in fewer write-offs of accounts receivable. Reimbursements will occur faster because of automated claims and online formulary checking. Community hospitals will now have the benefits of sharing information and data with other hospitals to improve their patient outcomes.

Only time will tell if the community hospital will go the way of the dinosaur, but patients are hoping that EMRs will help to save their favorite local facilities.

Each month Dr. Steven Deitch, Director of Medical Informatics at Inteck, Inc. will provide you with a new article in a series that describes how hospitals can be ready for new healthcare information technology initiatives.

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