

# Hospitals Slow To Offer EMR Subsidies to Docs

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The federal government's relaxation of self-referral and antikickback laws has had a "modest" effect in encouraging hospitals to subsidize physician purchases of electronic medical record systems, according to an analysis by the Center for Studying Health System Change.

Some hospitals are proceeding slowly, offering subsidies on electronic medical record (EMR) software to small groups of closely affiliated physicians, while other hospitals are offering only IT support services or extending their vendor discounts, according to the analysis of 24 hospitals. The analysis was funded by the Robert Wood Johnson Foundation.

In 2006, the Health and Human Services Department announced that it had created two safe harbors that would allow hospitals to subsidize up to 85% of the cost of EMR software and IT support services for physicians. For their part, physicians would be responsible for the full cost of the required hardware. The regulations are scheduled to sunset at the end of 2013.

The analysis by the Center for Studying Health System Change, which is based on in-depth interviews with executives at 24 hospitals, found that 11 of the 24 hospitals were considering offering some type of subsidy to physicians to help cover their EMR costs. The remaining 13 hospitals were not planning to provide direct subsidies to physicians, but some were considering extending their EMR vendor discounts or offering IT support services.

Hospitals that chose not to offer direct financial support to physicians had differing reasons. For example, some opposed the idea of offering EMR subsidies to physicians. Others said that granting access to vendor discounts was a sufficient incentive for physicians preparing to adopt EMRs. And other hospitals were interested in pro-

viding the financial subsidies directly to physicians but couldn't afford to do so.

For those hospital executives who were considering a direct subsidy to physicians, improving patient care and forging closer relationships with referring physicians were the top reasons cited for moving forward with EMR assistance. "Hospital executives expected physicians would be more likely to maintain, and even expand, their relationship with the hospital because of the improved efficiency from in-

teroperability with the hospital's IT systems," the researchers wrote.

One factor that appears not to be driving the trend toward hospital subsidies is interest on the part of physicians. The arrangement has some potential drawbacks for physicians, according to the analysis.

For example, under the safe harbors physicians are still responsible for 15% of the software costs and 100% of the hardware costs associated with setting up the

EMR system. Plus, physicians using the hospital-sponsored EMR may have difficulty storing records for patients who are treated at other hospitals where the physicians provide care for patients.

Also, the hospital-sponsored EMR could serve as a barrier if physicians later wanted to switch their hospital affiliations, according to the analysis. ■

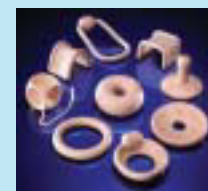
The study is available online at [www.hschange.org/CONTENT/1015](http://www.hschange.org/CONTENT/1015).

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