

Understanding the Financial and Process Benefits of Document Management Within a Homecare Agency

Introduction

In an era of diminishing reimbursement and tighter regulatory demands, homecare and hospice providers are finding ways to cut expenses without negatively affecting patient care. Often cost-cutting means taking a hard look at processes to define which are necessary and which are merely comfortable. Recent advances in technology have given agencies their first opportunity to make this distinction and act upon it.

Until recently, even the most technically advanced offices still relied on paper documentation to a certain extent. Business offices commonly make up to 19 copies of one document. Why? The answer often falls into the category of “we-do-it-that-way-because-that’s-how-we’ve-always-done-it.” Eliminating the cost of the extraneous paper file is the very circumstance modern care providers must examine in order to find real areas of improved efficiency that will directly affect the bottom line. Additional problems of a paper-based filing system include:

- *The average document gets copied 19 times*
- *7.5% of all documents get lost, and 3% of the remainder get misfiled*
- *Professionals spend 5% to 15% of their time reading information, but up to 50% looking for it¹*

The Price of Wrangling Paper

Recent studies provide an eye-opening perspective on the true cost of a paper-based filing system. A Price Waterhouse Coopers study found that the average worker spends approximately 40% of his or her time managing non-essential paper documents, while the International Data Corporation (IDC) estimates that employees spend 20% of their day looking for hard copy documents and don’t find what they’re looking for 50% of the time.²

The average business:

- *Spends \$20 on labor to file each document*
- *Loses 1 out of 20 office documents*
- *Spends \$120 searching for every misfiled document*
- *Spends \$250 recreating each lost document*
- *Spends \$25,000 to fill a four-drawer file cabinet and \$2,000 annually to maintain it³*

¹ Van Ittersum, Randy and Spalding, Erin Paper Filing System vs. Document Imaging System Van Ittersum. 2005. www.disusa.com

² Document Management Overview. Compulink Management Center, Inc. Tenth Edition, 2007.

³ Document Management Overview. Compulink Management Center, Inc. Tenth Edition, 2007.

When data is released from the confines of paper, its strategic value increases by making it accessible to be searched and viewed by any online user, without compromising the integrity of the document or its layout.

Additionally, there are problems with document sharing, with the cost and time delay of distributing documents by mail and with the expense of providing storage space. On the less tangible – but no less important – side is the negative impact these delays have on customer service and satisfaction, along with the security risks an agency may incur with notoriously vulnerable paper files. The waste of time and money becomes glaringly clear.

One way to eliminate the paper juggernaut is to implement a digital document management (DDM) system. These systems are “software applications that capture paper documents and a variety of electronic files while providing for the storage, retrieval, security and archiving of these documents.”

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Because of the limitless potential for access to the information they provide, electronic documents are an important component of DDM; however, multiple copies of even electronic documents that reside on disconnected hard drives and in disparate files constitute increased costs for employee time and storage. They are just as much a problem as paper files. Therefore, a true DDM system should replace not only paper files and documents in an office, but enable the user to access and move electronic documents through the organization.⁵

Why Document Management?

According to a Gartner survey of 1,600 CIOs around the world, document management is one of the top 10 technology priorities in 2010. The survey indicated that in the coming year, CIOs will transition strategies from those that focus on cost cutting to value-creating productivity.⁶

A comprehensive DDM system lets an organization store all relevant documents in a logical, easily retrieved index where the entire staff can access the information for a comprehensive view of the patient or business contact. The DDM system must be integrated with the core business system software that each department uses (office clinical, financial and administrative) if the organization expects to realize significant gains in productivity and efficiency.

⁴ Van Ittersum, Randy and Spalding, Erin Paper Filing System vs. Document Imaging System Van Ittersum. 2005. www.disusa.com

⁵ Document Management Return on Investment Analysis. http://www.officeproductnews.net/files/dm_roi.pdf. Accessed online February 15, 2010.

⁶ Savvas, Antony. Document management is one of the top ten technology priorities for CIOs in 2010. Document Management News. January 20, 2010.

A document management solution:

- *Provides a repository of electronic documents*
- *Provides a mechanism of securing the documents*
- *Integrates with other software solutions*
- *Puts documents into a defined workflow*
- *Supplies audit data providing the four W's (Who, What, Where, When)*
- *Captures form data for usage in monitoring and managing the business*
- *Complies with regulatory requirements⁷*

DDM in the Homecare or Hospice Business Setting

By making homecare documentation available electronically, DDM systems save money and time by increasing staff efficiency and productivity. Freeing up formally paper-based information eliminates bottlenecks between departments and branch offices to improve care coordination and streamline revenue cycle management.

DDM systems help homecare (or hospice) agency staff respond to information requests immediately to reduce the time and frustration associated with locating paper files in order to retrieve information. This access to information also enhances the audit process by making documents easy to locate.

An integrated digital document management system affects every aspect of the agency's business by improving efficiency, enhancing document availability and supporting regulatory compliance efforts. Digital document management:

- *Allows the organization to reduce and redefine staffing to complement competencies (more technical and diverse skills available to multitask and utilize systems)*
- *Improves availability of information for timely disclosure*
- *Improves privacy and security measures by accommodating access rights definitions and audit trails*
- *Supports compliance efforts with HIPAA, Joint Commission and other regulatory bodies*
- *Enhances access for peer review audits that affect reimbursement and decreases technical reimbursement denials*

⁷ Document Management Return on Investment Analysis. http://www.officeproductnews.net/files/dm_roi.pdf. Accessed online February 15, 2010.

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- *Reduces file management and storage, which may reduce physical space needed*
- *Strengthens ties between off-site or satellite clinical areas and the main office*
- *Improves coding and abstracting processes and accounts receivables processing time⁸*

DDM and Clinical Processes

A DDM system's value to the business side of homecare and hospice organizations is straight-forward; however, the role of DDM in the clinical setting is more ambiguous. Determining that value is based on whether the given DDM system will accommodate the research and decision support requirements of the clinician. In order to support clinical decision-making, the system must allow the clinician to view and manipulate specific data elements within the document.

Improving employee satisfaction by making information readily available is only part of the equation. Going paperless improves customer service, which improves patient satisfaction, enhances compliance and transforms audits into little more than minor data calls instead of multi-day office shutdowns. A document management system can add significantly to an agency's value. However, in spite of the solid arguments in favor of DDM, many organizations are unwilling to take the step. Nexus Strategy LLC, a California-based consulting firm, has found that despite the efficiencies, operational costs savings and improved workflow, many organizations are hampered by disparate software systems within the business.⁹

Therefore, it's essential that the DDM system is integrated with the core business system software that each department uses (office clinical, financial and administrative) if the organization expects to realize significant gains in productivity and efficiency. In other words, the DDM system should be the software "glue" that ties all of the departments together.¹⁰

Defining an Agency's Needs When Setting Up a DDM System

The first step in any initiative is a plan. Homecare and hospice executives should take the process in steps to avoid overwhelming employees. They need to design a realistic schedule based on the number of employees, the

⁸ AHIMA e-HIM Work Group. Electronic Document Management as a Component of EHR. http://library.ahima.org/xpedio/groups/public/documents/ahima/bok1_021599.hcsp?dDocName=bok1_021599.
⁹ Janowski, Davis D. A paperless office can boost your ROI. Internet site: Investment News. <http://www.investmentnews.com/article/20080219/REG/685102440>. Accessed March 2, 2010
¹⁰ Document Management Return on Investment Analysis. http://www.officeproductnews.net/files/dm_roi.pdf. Accessed online February 15, 2010.

capabilities of their hardware and the volume of documents to be scanned over a given period of time. It may make the most sense to begin the process of shifting to a DDM system with new patients and adding older records slowly.¹¹

According to Tim Veach, Quality/Compliance Officer, Intermountain Homecare, the agency should take baby steps. He says it's important to get buy-in and feedback from agency staff in order for the project to succeed. Additionally, transitioning from a paper-based system to a DDM system is a significant culture change and, as such, agency management must demonstrate to the end-users that the transition will be of value to them.¹²

When designing a DDM system implementation program, an organization should consider these questions about itself to achieve maximum ROI:

- *What is the current volume of documentation?*
- *How fast is that volume increasing?*
- *How are the documents created and delivered?*
- *How many people must access, edit or view the document and at what intervals?*
- *How often and by whom are the documents updated?*
- *What is the role of the documentation in any compliance or quality assurance processes?*
- *What is the business value of the document?*
- *What are the document's workflow requirements?*
- *How is it used across business processes or how could it be used?¹³*

Veach advises agencies to look carefully at their paper records to determine what information needs to be included in the electronic record. "Include the right people in the discussion: legal, compliance, HIM, operations, billing and finance," he says. "Any electronic documentation system will include the basics of the medical records. You need to look at the extraneous paper you have in your charts and whether you actually need them."¹⁴

¹¹ Janowski, Davis D. A paperless office can boost your ROI. Internet site: Investment News. <http://www.investmentnews.com/article/20080219/REG/685102440>. Accessed March 2, 2010

¹² Veach, Tim. Six Lessons: A Journey Towards a Truly Integrated Medical Record. Remington Report. March/April, 2009

¹³ Morgan, Debra. Document Management: Assessing Costs and Benefits. September 2000.

http://www.humboldt.edu/~cms/Documents/gartner_documentmanagementroi.pdf. Accessed online. Feb.2, 2010

¹⁴ Veach, Tim. Six Lessons: A Journey Towards a Truly Integrated Medical Record. Remington Report. March/April, 2009

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An organization should consider four broad topics when assessing a DDM system:

1. *The agency's particular needs and implementation plan*
2. *How the system supports healthcare and the special security needs related to healthcare*
3. *The quality of the DDM system*
4. *The technical requirements of the system*

Within each of these four broad categories are specific points each organization should include in its DDM project. The following information provides a structure for a typical project on which an agency may define its own strategy.

Needs Assessment and Developing Implementation Plan

- *Analysis*
- *Process Analysis*
- *Implementation plan*
 - *Choose what to outsource*
 - *Scaling from pilot to solution*
 - *Training staff*
 - *Support and management*
 - *Compliance and legal issues*

Healthcare

- *Balance security with efficiency to minimize the risk of non-consensual release of protected health information (PHI)*
- *Use audit trail functionality to easily demonstrate adherence to established retention and access procedures*
- *Assure proper destruction of expired patient records*

Essential Components of Quality DDM System

- *Usability*
- *Capture (scanning, importing, conversion)*
- *Indexing and retrieval*
- *Full-text indexing — allows users to locate any word or phrase that appears in the document*

- *Template field search — roughly equivalent to searching a library's collection using a card catalog subject*
- *Folder/file structure searches*
- *Annotations*
- *Storage and archiving*
- *Distribution (print, fax and e-mail, Intranet, Internet, briefcases and portable volumes)*
- *Workflow*
- *Security (authentication, authorization, redaction, audit trails and reports)*
- *Integration*

Technical Considerations

- *System compatibility*
- *Networked systems*
- *Scalability*
- *Hardware requirements*
- *Software requirements*
- *Licensing requirements*
- *Web deployment*
- *Scanning requirements*
- *Storage options¹⁵*

ROI of Document Management

As competition increases, it is imperative that a company ensure that its investments generate a return that exceeds the amount spent. Increasing business efficiency is the most compelling reason for investing money in any project.¹⁶

DDM systems eliminate instances of lost documents that must be recreated and refiled. This process improvement translates into real dollars that affect an agency's bottom line. Studies have shown that organizations using DDM technology receive the following benefits:

- *50-90% reduction of time needed to create and modify documents*
- *20-30% increase in productivity*

¹⁵ Document Management Overview. Compulink Management Center, Inc. Tenth Edition, 2007.

¹⁶ Document Management Return on Investment Analysis. http://www.officeproductnews.net/files/dm_roi.pdf. Accessed online Feb. 15, 2010.

¹⁷ White Paper: Know the Cost of Filing Your Paper Documents. 2001. ZyLAB Technologies B.V.

Document management solutions eliminate an agency's reliance on paper-based files by freeing data that formerly resided on paper in filing cabinets.

- 20-40% improvements in turning around information requests cycle time
- 30-50% improvements in client satisfaction¹⁷

Real World Results

In his article, Tim Veach from Intermountain emphasized that DDM eliminated the cost of storing and maintaining a traditional paper chart in the organization's offices and allowed the organization to centralize the function of medical records. DDM helped the agency reduce FTEs across the organization by 12. Veach says that eliminating the need to file paper documents allowed Intermountain to eliminate 11 FTEs in its medical records department.

"Having records centralized allows ongoing improvements in auditing," Veach says in the article. "Coders can look up nurses' notes, entire hospital stays or physician visits to help find the right diagnosis codes. This availability of data led to a reduction of four (coder) FTEs," he continues. "Reducing staff by 30 is significant but that doesn't even figure in cost savings on space, paper and file folders. The long-term benefit will provide better processes, better care planning and better patient outcomes."¹⁸

Conclusion

Agencies looking for ways to cut costs and improve workflow, productivity and efficiency are turning to DDM systems. Document management solutions eliminate an agency's reliance on paper-based files by freeing data that formerly resided on paper in filing cabinets. The technology streamlines access to vital information while it removes the burden and expense of retrieving, filing and storing paper files.

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¹⁸ Veach, Tim. Six Lessons: A Journey Towards a Truly Integrated Medical Record. Remington Report. March/April, 2009

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