



**Office for Oregon
Health Policy and
Research**

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For more information, please contact:
Nancy Clarke
503.241.3571
nancy.clarke@Q-Corp.org

Jeanene Smith, MD MPH
503-373-1625
jeanene.Smith@state.or.us

**ADOPTION OF HEALTH INFORMATION TECHNOLOGY COULD SAVE OREGON \$1.3
BILLION ANNUALLY**

Investing in computerized health records helps control health care costs while improving quality.

PORTLAND, Ore. (November 5, 2007) – The Oregon Health Care Quality Corporation (Quality Corp) and the Office for Oregon Health Policy and Research (OHPR) released a report today showing that investing half a billion dollars now in computerized health care would result in a potential savings of as much as 1 to 1.3 billion dollars annually.

Eliminating handwriting from prescriptions, easy access to a patient's prior x-ray results, and "smart" programs that warn doctors about complicated issues are just a few of the ways that computers can improve the quality of health care. Safer and better care is not the only reason to accelerate the adoption of health information technology. The new study shows sizable cost savings are also possible.

"Common sense tells us that moving from paper and fax machines to computers is going to be more efficient. It's the initial costs that are a barrier," said Nancy Clarke, executive director, Quality Corp. "This study can help us understand how to get over that barrier to better quality and value in health care."

Governor Kulongoski welcomed the report. "Adopting electronic health records has great potential for reducing the growth of health care costs in the future. We must take advantage of

21st century technology through electronic health records to improve the quality of health care and to make the delivery system more efficient.”

The report looked at potential savings that can be quantified based on previous studies. About a third of the savings come from eliminating unnecessary services. For example, a readily available medical history helps avoid repeated tests and heads off drug interactions that would otherwise put someone in the hospital.

Two-thirds of the savings are from more efficiently processing information. For example the doctor's office staff doesn't have to find a chart when the pharmacist can't read the handwriting. A primary care physician can look up a specialist's report without calling and waiting to have it faxed.

"Employers win in every category," said Barbara Prowe, Executive Director of the Oregon Coalition of Health Care Purchasers. "Eliminating duplication and improving efficiency mean better value in the insurance premiums we pay. It also means less employee time off from work."

Health systems are already investing heavily in health information technology within their own organizations. The study identifies the additional investment that is needed to accelerate change. The cost of adopting more sophisticated computer technology beyond current investments is estimated at over half a billion dollars per year. The physician sector is the most seriously underdeveloped.

"The \$22 billion health care sector of Oregon's economy is seriously lagging in adopting newer technology," said David Witter, primary author of the study. "The people of Oregon benefit, but that is not who is being asked to finance the expensive upfront costs. We're not going to get where we need to be without collaboration."

"The numbers are big on both sides of the cost and benefit equation," said Jeanene Smith, M.D., Administrator, Office for Oregon Health Policy and Research. "Developing public-private strategies in support of these investments is an important part of our discussion for health care

reform in the state. This report provides valuable information for the Oregon Health Fund Board as it develops an implementation plan for health care reform for the 2009 legislative session."

The study acknowledges skeptics who have demonstrated that health information technology projects don't always immediately capture the projected saving. The study envisions a future using considerably more sophisticated systems than those widely adopted so far. The study also assumes that providers are thoroughly connected through a community-wide information-sharing utility that doesn't currently exist.

The study was commissioned by the Quality Corp and OHPR to help guide health reform discussions. Funding was provided by the Northwest Health Foundation and Oregon's Division of Medical Assistance Programs.

The full report is available at www.Q-Corp.org and www.oregon.gov/das/ohpr

ABOUT OFFICE OF OREGON HEALTH POLICY AND RESEARCH

The Office for Oregon Health Policy and Research (OHPR) is responsible for the development and analysis of health policy in Oregon and serves as the policy making body for the Oregon Health Plan. The Office provides analysis, technical, and policy support to assist the Governor and the Legislature in setting health policy.

ABOUT OREGON HEALTH CARE QUALITY CORPORATION

The Oregon Health Care Quality Corporation is a non-profit partnership where leaders work together for quality. Managed by a balanced Board of Directors, senior representatives from health plans, physician groups, purchasers, hospitals, consumers and government cooperate for shared goals. Founded in 2000, the Quality Corp's projects have demonstrated the value of working cooperatively. For more information see www.Q-corp.org.

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