

# **Electronic Medical Records Competitive Pricing and Experience Analysis**

**A Representative Example for Kafka Clinic –  
a 5-Physician Family Practice**

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*“Believing in progress does not mean believing that any progress has yet been made. Start with what is right rather than what is acceptable.”  
- Franz Kafka*

## **Introduction:**

Doctors across the United States are being pushed to make the switch to Electronic Medical Records (EMR). The federal government has set aside \$19 billion in stimulus money to help see that a massive switch takes place by 2015. Yet, as the time for EMR adoption fast approaches, an increasing number of doctors are noticing a lack of dependable information. An internet search for ‘electronic medical records’ turns up over three million results and probably just as many opinions on which system is best. Healthcare providers need unbiased information so that they can decide which EMR to implement.

Given the differences between individual practice needs, a relatively lengthy and consultative sales process has developed amongst vendors. This makes it a difficult and time-consuming process to gather and adequately compare pricing information and product features.

This whitepaper was commissioned by Practice Fusion but designed independently by the author to provide an objective qualitative and quantitative assessment of the experience and results of obtaining initial price quotes for a standalone EMR solution and a combined EMR and Practice Management (PM) solution from seven well-known vendors. Although an evaluation of product features and usability is beyond the scope of this report, I hope the information contained herein proves useful in narrowing the options for vendor selection and helps to save time and effort as a practice looks to adopt an EMR.

## **Methodology:**

This report seeks to shed light on the EMR pricing by providing a head-to-head comparison of licensing, implementation/training, and ongoing maintenance costs as quoted by seven leading providers. The study was conducted over a one-month period in April 2010, beginning with calls and emails to the primary contacts listed on each company’s website and finalized upon receipt of an official price quote (with the exception of Practice Fusion and eClinicalWorks).

Results are based on a quote generated for Kafka Clinic, a hypothetical 5-physician practice with one mid-level medical assistant (MA), which I was assisting with the decision process as a consultant. The pricing data was acquired directly from the EMR vendors, through their primary sales contacts. Where available, quotes were evaluated for both client/server and hosted solutions. Required hardware expenses (servers, PCs, laptops, tablets, and supporting equipment) were excluded from the results, although it is important to note there are substantial differences in hardware cost depending on individual practice setup.

It should also be noted that Athenahealth does not offer a standalone EMR application, but must be purchased with a PM and revenue cycle management (RCM) solution. GE Centricity would not provide a quote for a standalone EMR solution, but mentioned it was actually more expensive than an EMR plus PM combined solution.

## Summary Results:

### EMR Price Comparison Overview

#### Kafka Clinic - Estimated EMR Costs as Quoted by Provider

Note: Kafka Clinic is a fictitious 5-physician practice with 1 mid-level (MA) - estimated annual net collections of \$3.7M and 42k claims

	Allscripts EMR Client/Server	Allscripts EMR ASP/Hosted	eClinicalWorks EMR Plus Client/Server	eClinicalWorks EMR Plus Hosted	NextGen EMR Hosted	Quest Care360 EMR Hosted	Practice Fusion
<b>Upfront Costs</b>							
<b>Software</b>							
Application Software	\$36,161		\$25,500		\$60,995		
Third Party Software (1)	\$4,096	\$141				\$5,000	
<b>Estimated Implementation / Training</b>	\$32,416	\$30,037	\$14,225	\$14,225	\$31,456	\$3,000	
<b>Estimated Total Upfront ex. HW (2)</b>	<b>\$72,673</b>	<b>\$30,178</b>	<b>\$39,725</b>	<b>\$14,225</b>	<b>\$92,451</b>	<b>\$8,000</b>	<b>\$0</b>
<b>Ongoing Maintenance</b>							
Licenses - EMR	\$10,120	\$34,500	\$16,620	\$24,000	\$11,781	\$12,000	
Hosting Fee				\$6,000	\$16,200		
Quest Lab Interface	\$300					\$900	
Third Party Software	\$4,124	\$1,100			\$695	\$270	
<b>Total Annual Maintenance</b>	<b>\$14,544</b>	<b>\$35,600</b>	<b>\$16,620</b>	<b>\$30,000</b>	<b>\$28,676</b>	<b>\$13,170</b>	<b>\$0</b>
<b>Notes:</b>		5-yr contract	implementation \$1000/day for 8-10 days + travel 9-days estimated travel expense, plus 3-4 days of data migration at \$750/day	implementation \$1000/day for 8-10 days + travel 9-days estimated travel expense, plus 3-4 days of data migration		3-yr contract	+\$6000/yr for ad-free version
<b>Total Cost ex HW</b>							
Total Cost over 2-yr	\$101,761	\$101,378	\$72,965	\$74,225	\$149,803	\$34,340	\$0
Total Cost over 5-yr	\$145,393	\$208,178	\$122,825	\$164,225	\$235,832	\$73,850	\$0
Total Cost over 10-yr	\$218,113	\$386,178	\$205,925	\$314,225	\$379,213	\$139,700	\$0
<b>Amortized Cost / yr</b>							
2-yr life	\$50,881	\$50,689	\$36,483	\$37,113	\$74,902	\$17,170	\$0
5-yr life	\$29,079	\$41,636	\$24,565	\$32,845	\$47,166	\$14,770	\$0
10-yr life	\$21,811	\$38,618	\$20,593	\$31,423	\$37,921	\$13,970	\$0

Full spreadsheet available on [request](#).

*EMR + PM Price Comparison Overview*

**Kafka Clinic - Estimated EMR + PM Costs as Quoted by Provider**

Note: Kafka Clinic is a fictitious 5-physician practice with 1 mid-level (MA) - estimated annual net collections of \$3.7M and 42k claims

	Athena Health EMR+PM+RCM Hosted	Centricity (GE) EMR+PM Client/Server	eClinicalWorks - EMR + PM Client / Server	eClinicalWorks - EMR + PM Hosted	NextGen EMR+PM Hosted	Practice Fusion EMR+Kareo PM Hosted
<b>Upfront Costs</b>						
<b>Software</b>						
Application Software		\$64,000	\$30,000		\$90,995	
Third Party Software (1)		\$3,495			\$4,697	
<b>Estimated Implementation / Training</b>	\$13,750	\$22,650	\$14,225	\$14,225	\$56,250	
<b>Demographics Conversion</b>		\$1,500			\$5,000	\$0
<b>Hardware (client / server only)</b>		\$8,245				
<b>Estimated Total Upfront (2)</b>	<b>\$13,750</b>	<b>\$99,890</b>	<b>\$44,225</b>	<b>\$14,225</b>	<b>\$156,942</b>	<b>\$0</b>
<b>Ongoing Maintenance</b>						
Licenses - EMR + PM	\$96,940	\$18,095	\$18,000	\$33,600	\$17,384	
Hosting Fee				\$6,000	\$16,200	
Quest Lab Interface						
Third Party Software					\$1,214	\$8,940
<b>Total Annual Maintenance</b>	<b>\$96,940</b>	<b>\$18,095</b>	<b>\$18,000</b>	<b>\$39,600</b>	<b>\$34,798</b>	<b>\$8,940</b>
<b>Notes:</b>			implementation \$1000/day for 8-10 days + travel 9-days estimated travel expense	implementation \$1000/day for 8-10 days + travel 9-days estimated travel expense	5-yr contract	+\$6000/yr for advertising-free version \$0.69/patient statement for billing
<b>Total Cost ex HW</b>						
Total Cost over 2-yr	\$207,630	\$136,080	\$80,225	\$93,425	\$226,537	\$17,880
Total Cost over 5-yr	\$498,450	\$190,365	\$134,225	\$212,225	\$330,930	\$44,700
Total Cost over 10-yr	\$983,150	\$280,840	\$224,225	\$410,225	\$504,919	\$89,400
<b>Amortized Cost / yr</b>						
2-yr life	\$103,815	\$68,040	\$40,113	\$46,713	\$113,269	\$8,940
5-yr life	\$99,690	\$38,073	\$26,845	\$42,445	\$66,186	\$8,940
10-yr life	\$98,315	\$28,084	\$22,423	\$41,023	\$50,492	\$8,940

Full spreadsheet available on [request](#).

## Detailed Results Analysis:



### Allscripts

My experience with Allscripts began with a call to the company's 1-800 line and working through a phone tree to reach the sales department. After leaving a message, a solutions consultant responded four business days later with an introductory information packet. A follow up call with the solutions consultant resulted in no additional information on product features, benefits of client/server vs. hosted architecture, or preliminary pricing.

Within two hours of the follow-up call, I was contacted by a salesperson able to answer more detailed questions regarding the product. When asked about the pros and cons of client/server vs. hosted solution, I was told "95% of Allscripts customers use the client/server configuration" and that the benefit "is not worrying about internet connectivity problems. A hosted solution saves 20-30% upfront, but costs an extra \$100/mo/provider and only makes sense if one was planning to abandon the EMR after a few years." I was told "an ASP solution is definitely not recommended" and that "a majority of clients who purchase ASP tend to convert to client/server within two years."

*I was told "95% of Allscripts customers use the client/server configuration"*

With regard to implementation, the "amount of time required depends on the practice. Implementation is a key differentiator for Allscripts, which is the number one provider for doctors continuing to use the product." Many doctors abandon EMR solutions given the difficulty of the transition. Allscripts technical staff is deployed on-site for hardware installation and when the practice "goes live." Trainers sit with doctors and patients to walk them through the system. The implementation involves one week of on-site training during go-live, then two weeks off to uncover problems/issues, followed by a week of on-site training to answer questions and assist in the customization of workflows and templates. I was told training is where Allscripts "knocks it out of the park" as most of their trainers are former medical assistants who know how practices work. I was told to carefully examine competitor quotes for "hidden training charges" or "low-ball estimates of implementation."

Incremental information about the product included: software updates for client/server included in maintenance costs, e-prescribing included ("this is Allscripts bread and butter"), and a "guarantee of meaningful use to get stimulus dollars." Support costs are included in maintenance, with coverage "24/7/365 with an average response time of 35 minutes."

An initial price quote was received nine days after the last contact with Allscripts. A follow-up call revealed a current backlog of three months for installation of the PM solution, and four month backlog for EMR installation. As a closing comment, the salesperson mentioned Allscripts is the only company offering Assure Disaster Recovery, backing up EMR and PM data every 59 minutes while “competitors only do this once per day.”



### Athenahealth

My initial call to Athenahealth’s 1-800 line led to a voice-message system. I received a call-back several hours later from the sales department and was informed I would be required to sit for a 20–30 minute product demo before any pricing information could be shared. Athenahealth’s solution is “completely different than any other software/service provider out there.” I was told “with Athena, you’re taking no stimulus reimbursement risk — in fact reimbursement is guaranteed.” Any changes with meaningful use standards can be adapted with the “push of a button.”

A few days later a conference call with an Area Sales Specialist was set up. Athenahealth’s solution is web-hosted only with 99.7% guaranteed uptime. Athenahealth’s products provide the practice with an ability to “tailor workflows, use templates, or customize to individual practice needs.” Most practices can “generally expect a 5–7% increase in net collections” by using the Athenahealth solution. Implementation typically takes about four months, and Athena makes “no money on implementation, only recovers its costs.” The practice can do EMR plus PM implementation concurrently, but most choose to do a phased-in implementation to avoid being overwhelmed. Once scheduled, a project manager is assigned for implementation “who will usually make 5–6 site visits”, identify super-users, and provide three days of eight-hour training sessions. The project manager can “bring best practices from other clients to bear on your set-up.”

*A project manager is assigned for implementation “who will usually make 5–6 site visits”*

The Sales Specialist made particular emphasis on stimulus reimbursement, noting the key benefit of Athenahealth is its focus of “tools and manpower on tracking federal stimulus eligibility and ensuring it is received.” I was told 80% of what the practice needs to track to qualify for meaningful use is tracked by the front desk — “the intake nurse takes on most of the input, so it doesn’t slow the doctor down.” I received a preliminary quote eight working days after initial contact.





## GE Centricity

Initial contact with Centricity sales was made via email. I received a response one day later from a salesperson able to speak at length about the difference between client/server and hosted solutions, of which Centricity offers both and did not appear to be pushing one option over the other. His perspective was that the key benefit of a hosted solution was not worrying about backups / upgrades of the on-premise servers and hardware. However “it’s easy to outgrow the internet solution.” The key benefit of client/server was the ability of a practice to “own your own data” and not have to rely on internet connectivity. Conversion from hosted to client/server solution was highlighted as a key differentiator for Centricity – “once you own the license it’s easy to transition” for a minimal cost of \$95 per hour for approximately 8–10 hours (\$800–\$1,000 total). Centricity also provides access to the medical quality improvement consortium (mQic), allowing physicians to compare practice metrics and patient outcomes across the US in order to identify discrepancies and best-methods.

With regard to implementation, a three-phased approach was recommended. The overall timeline would be relative to the commitment level of the practice and physicians, but a rough schedule would be 1) Convert the PM system, which should take approximately 45–60 days 2) use the EMR system for 30–60 days for new patients, allowing doctors to get comfortable with the system and 3) convert the old patients to the EMR system, likely to take 3–6 months. During implementation, they use a “goal-based system, working one-on-one with the practice to attack any issues one at a time.” The practice receives access to a dedicated support team.

I was told “most competitors are generally around the same price; it boils down to who you want to work with” and given a recommendation to talk to other users to gauge their impressions of the system. “You’d be surprised by how many clinics abandon an EMR and go back to their old ways.” Centricity was the quickest to respond with a quote, five days after initial contact.

*“You’d be surprised by how many clinics abandon an EMR and go back to their old ways.”*



## eClinicalWorks

In contacting eClinicalWorks, the Sales Coordinator I reached was able to answer basic questions about the product and was quick to email product information materials. When asked about a preliminary quote, I was told that each member of the practice and the decision-making doctor would be required to participate in a product demonstration. A basic price list for their various EMR and EMR plus billing

solutions was provided, although there was limited disclosure about implementation costs. The hosted solution was recommended as being “easier” as opposed to the client/server offering. After numerous contacts with this Sales Coordinator, I learned that a primary field sales contact would only be assigned after a demonstration.

When asked about implementation, a preliminary verbal estimate was provided as 8–10 days of onsite work and training at \$1,000 per day, travel expenses for the trainer (estimated at approximately \$2,600), and 3–4 days of data migration at \$750 per day. After signing a contract with eCW, a kickoff call would be held several days later, with a “go-live” date normally scheduled within eight weeks.

## NEXTGEN

HEALTHCARE INFORMATION SYSTEMS

### NextGen

My initial contact with NextGen was via email, with a phone call back two days later. I was informed that support hours were from 8:30pm-5:30pm local time (guaranteed 2-hour response time), and that additional charges apply for off-hours support. I was provided contact information for a sales representative.

After emailing the sales rep, I received a call-back the same day and had a long conversation about the company’s products, its competitors, and the industry. With NextGen you “pay for the software licensing fees, extra for hosting services.” I was told NextGen’s key differentiation is on the PM side, “where we can materially improve processes and collections.” When asked about the pros and cons of hosted versus client/server architectures, I was told the only benefit of hosted was “less need to purchase upfront hardware” and that “most practices have an IT person on call, but don’t need someone on-site to manage a client/server setup.” With regard to software updates for client/server setups, I was told “updates generally only happen 1 or 2 times per year — not that often — and most clients simply skip out on the upgrades.”

The NextGen representative “wouldn’t talk bad about competitors, but... there are lots of reasons people aren’t choosing other big EMR providers.” One of those reasons is that “NextGen is a big company, with 50,000 users, is publicly traded, and has no debt.” In addition, “NextGen would never outsource support functions.” Although there are many EMR competitors, “there’s no stability, they could get bought out at any time.” The “key advantage of large providers is their ability to have systems in place to ensure success for the physicians and clinic.” “You don’t skimp on EMRs or eye surgery.”

*“...there are lots of reasons people aren’t choosing other big EMR providers.”*



With regards to time frame of a full NextGen implementation, I was told to expect 4–6 months, and to be wary of any competitor promising less than a 4–month implementation. After signing a contract, a project manager is assigned to the practice, followed by online tutorials for the practice manager and three days of onsite training for super users. He recommended a phased implementation — PM first, then EMR — as opposed to a “big bang” (both at once). I was told the entire EMR buying process is “very much a consultative sale” with a need to “find a good fit and establish solid chemistry,” followed up by a request to meet in person before providing any pricing information.

After several follow-up calls, I received a NextGen quote 12 working days after initial contact. I was told NextGen outsources its hosting services to Dell, and was given a recommendation for a provider of hosting services at lower cost. I was reminded of the “biggest scare of other EMR systems is what happens when they get acquired.” The quote included an estimate for on-site training, which has an option of being provided off-site to reduce costs.



*“...updates generally only happen 1 or 2 times per year — not that often”*

### Practice Fusion

I contacted the sales department on two separate occasions - one an account manager and one a business development contact – leaving a voicemail for each. On a third attempt, however, I reached a live salesperson and found them to be well-trained and knowledgeable about the product offering and industry trends. The sales experience with Practice Fusion was notably different than competitors, most likely because their EMR service offering is free. With regard to implementation, I was informed there is “no waiting time, no delay.”

Training is provided on-line, with no on-site training offered by the company. While this may be an issue for some, I was informed there are numerous approved third-party consultants available for on-site training if desired.

Support hours are 6a.m.–6p.m. with no additional costs, though there is a fee for having a support person on-call. e-Prescribing, records conversion, and demographics conversion are all free. Although basic scheduling and billing functionality is included in the EMR, I was told that a fully integrated PM solution was available with partner Kareo. The salesperson also informed me Practice Fusion would “guarantee certification” under meaningful use to ensure federal stimulus reimbursement.



### *Quest Care360*

Contact with an appropriate Quest salesperson was difficult, as I was transferred between multiple contacts before finding the correct one. Several of those I reached had no idea Quest offered an EMR product. It took 10 business days to finally have a phone conversation with the appropriate sales representative.

I was told Quest's EMR solution is only provided as an ASP/hosted service, with support available 24/7 and guaranteed response times depending on the SLA and severity of the issue. A key benefit of Quest EMR "is its interface with QuestLabs, although the practice doesn't have to use Quest exclusively". e-Prescribing is included in the offering, and can be implemented before using the EMR or on a standalone basis as well. A practice management solution is not built-in to the EMR. Quest has partnered with another company to provide this functionality – a vendor has been selected but has not yet been announced.

Implementation time was estimated at 2–6 weeks, "depending on the commitment of the practice, most of which is training time." I was told there is no typical contract length — "some practices go month-to-month, some up to three years." I was unable to secure a formal price quote from Quest, but received a basic price list for services 17 working days from initial contact.

## Conclusion:

The price quotes for EMR licensing fees, implementation, and annual maintenance as gathered for Kafka Clinic varied from free to \$100,000 or more. Price points at the higher-end suggest an EMR industry focused on the needs of large businesses, leaving the 80% of US physicians practicing in groups on 9 or less in a difficult position to weigh the lure of government stimulus with the cost and benefit of EMR adoption. Despite being a software product, the greatest sales emphasis is placed on the service components of implementation, support, and maintenance.

A physician practice looking into EMR adoption should be prepared for a lengthy, relationship-based sales process. Gathering price information is difficult and time-consuming, while apples-to-apples comparison of product features poses an even greater challenge. After a month of investigating vendors I have a better idea of the cost of EMR adoption but still unable to differentiate between the relative “value” delivered. I hope this report provides a useful starting point for EMR vendor evaluation and insight into what to expect from the sales process.

Best of luck!