Projections of savings from health IT are baseless, researchers say

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The increased computerization in U.S. hospitals hasn't made them cheaper or more efficient, Harvard researchers say, although it may have modestly improved the quality of care for heart attacks.

The findings, published in today's [Friday's] online edition of the American Journal of Medicine, contradict claims by President Obama and many lawmakers that health information technology (health IT), including electronic medical records, will save billions and help make reform affordable.

"Our study finds that hospital computerization hasn't saved a dime, nor has it improved administrative efficiency," said lead author Dr. David Himmelstein, associate professor at Harvard Medical School and former director of clinical computing at Cambridge Hospital in Massachusetts. "Claims that health IT will slash costs and help pay for the reforms being debated in Congress are wishful thinking."

The study uses data from the most extensive survey ever undertaken of hospital computerization. Data from approximately 4,000 hospitals for the years 2003 to 2007, including those on a list of the "100 Most Wired," were analyzed for evidence of increased quality, cost savings or improvements in administrative efficiency.

The data came from the authoritative Healthcare Information and Management Systems Society (HIMSS) Analytics annual survey of hospital computerization; Medicare Cost Reports that virtually all

hospitals submit annually to the Centers for Medicare and Medicaid Services (CMS); and the 2008 Dartmouth Health Atlas, which compiles CMS data on costs and quality of care.

Although the researchers found that U.S. hospitals increased their computerization between 2003 and 2007, they found no indication that health IT lowered costs or streamlined administration, even in the "most wired" institutions. While U.S. hospital administrative costs increased slightly, from 24.4 percent in 2003 to 24.9 percent in 2007, hospitals that computerized most rapidly actually had the largest increases in administrative costs. (By way of comparison, older studies have estimated administrative costs in Canadian hospitals at 12.9 percent).

The study found no evidence of lagged effects, e.g. lower costs in 2007 resulting from information technology introduced in 2003.

Modest quality gains were noted in the treatment of heart attacks (acute myocardial infarction) in more-computerized hospitals, but even these small improvements may merely represent better documentation rather than actual gains to patients.

Himmelstein said a report from the Congressional Budget Office in 2008 signed by Peter Orszag, now Obama's budget director, expressed skepticism about claims by the RAND Corp. and others that health IT could generate $80 billion annually in savings.

"Part of the CBO's skepticism was based on the limited information available to the RAND study and similar studies," Himmelstein said. "But this new, detailed, national survey of diverse hospitals shows such doubts are well-founded. Information technology can't rescue us from our national health care crisis."

Dr. Steffie Woolhandler, professor of medicine at Harvard and study co-

author, said several factors may explain why health IT has failed to reduce administrative costs.

"Any savings may have been offset by the costs of purchasing and running new computer systems," she said. "In addition, most software is designed around the accounting and billing needs of hospitals, not the clinical side."

She noted that a computer success story in recent years has been at the Veterans Administration, where global budgets eliminate most billing and internal cost accounting, allowing physicians to focus instead on delivering care.

"The VA system now has our nation's highest quality and patient approval ratings," Woolhandler said. "Congress should take note: to get the most benefit from our health care dollars and from health IT, we should adopt a single-payer, Medicare-for-all program. Nothing short of that will allow us to reap the full potential of computerization or to provide comprehensive, quality and affordable care to all."

More information: "Hospital computing and the costs and quality of care: a national study," David U. Himmelstein, M.D., Adam Wright, Ph.D., and Steffie Woolhandler, M.D., M.P.H., *The American Journal of Medicine*, Nov. 20, 2009 (online).

Source: Physicians for a National Health Program