

The 'haves and have-nots' of health information exchanges

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Health information exchanges increase patient referrals among participating doctors, but that increase may be at the expense of physicians who aren't part of the exchange, according to a new



University at Buffalo School of Management study.

Forthcoming in *Management Science*, the research analyzes the impact of <u>health</u> information exchanges on patient referral patterns. Referrals are a significant part of the U.S. health care system, with more than a third of all patients referred to specialists each year.

"Referrals have a significant impact on the cost and quality of health care services," says Ram Ramesh, Ph.D., professor of management science and systems in the UB School of Management. "In the context of referrals, health information exchanges tend to divide the physician community into 'technology-haves and have-nots," where those who participate benefit from increased referrals among themselves at the expense of those who haven't joined an exchange."

Health information exchanges enable physicians to digitally access and share their patients' medical data. These platforms have been integral to the U.S. health care system since the Health Information Technology for Economic and Clinical Health Act was passed in 2009.

"The concept of a health information exchange was born out of a federal mandate, so it's different from other innovations because of how it was created, supported and developed," says Ramesh. "As a result, there wasn't an immediate, dramatic shift in referrals when exchanges launched, but over time they stand to yield significant benefits to patients and <u>insurance companies</u> by improving the quality and reducing the cost of health care."

The researchers analyzed publicly available datasets of every single Medicare beneficiary, totaling about 22,000 in the Western New York region from 2009 to 2012. They conducted an econometric analysis (using <u>statistical methods</u> to turn theoretical economic models into useful tools for policymaking) to examine patient referral data over time and to



study how adopting a health information exchange affected referral behaviors among community physicians.

Based on their findings, the researchers say that joining an exchange results in a 44% to 46% increase in the rate of referrals to and from other members.

"To ensure referral service quality, and consequently, be able to sustain and increase their business volume, providers should become more aware of the benefits of joining an exchange—and the possible loss of patients they face if they don't join," says Ramesh.

In addition, Ramesh says their findings show it will be important for exchanges to communicate the value they bring to their members—and the potential risks of not enrolling. "Such communication is pivotal to the growth and sustainability of regional health <u>information</u> exchanges," he says.

Provided by University at Buffalo

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