

Henry Ford Health System ePrescribing Project: ROI Analysis

ePrescribing - Return on Investment - Key Assumptions

Benefits – based on fully capitated HAP membership

❑ Improved Generic Use Rate

- 2% point improvement across 70% of HFMG physicians beginning in 2007
- 2% point improvement across 90% of HFMG physicians beginning in 2007

❑ Reduced Administrative Costs

- 2 min administrative time savings per script (time study identified 4 minutes) at \$12/hr
- \$.03 per script script pad savings

❑ Reduced Adverse Drug Events

– Hospital Admits

- 2% of hospital admissions due to ADEs (50% of published research)
- 33% of these avoided with ePrescribing

– Emergency Department Visits

- 1% of ED visits due to ADEs (50% of published research)
- 33% of these avoided with ePrescribing

ePrescribing – Return on Investment Summary

Below is a Return on Investment analysis focused on the HFHS and its capitated membership

Savings Component	2005	2006	2007	2008	2009
1 GUR Improvement	\$320,000	\$1,120,000	\$1,440,000	\$1,440,000	\$1,440,000
2 Admin - time savings	\$200,000	\$457,600	\$520,000	\$520,000	\$520,000
3 Admin - paper savings	\$15,000	\$34,320	\$39,000	\$39,000	\$39,000
4 Reduced ADEs - Hosp Admissions	\$132,300	\$308,700	\$441,000	\$441,000	\$441,000
5 Reduced ADEs - ER Visits	\$29,700	\$69,300	\$99,000	\$99,000	\$99,000
Total Savings	\$697,000	\$1,989,920	\$2,539,000	\$2,539,000	\$2,539,000
Cost Component	2005	2006	2007	2008	2009
6 Software Licensing	\$120,000	\$180,000	\$300,000	\$300,000	\$300,000
7 Training Execution	\$100,000	\$300,000	\$80,000	\$80,000	\$80,000
8 Hardware	\$33,333	\$433,333	\$533,333	\$500,000	\$100,000
9 Implementation Development/Management	\$300,000	\$174,000	\$50,000	\$50,000	\$50,000
Total Cost	\$553,333	\$1,087,333	\$963,333	\$930,000	\$530,000
Net Savings / (Loss)	\$143,667	\$902,587	\$1,575,667	\$1,609,000	\$2,009,000
Accumulated Payback	\$143,667	\$1,046,253	\$2,621,920	\$4,230,920	\$6,239,920

This does not include the savings realized by other insurers and employers whose members/employees are treated by HFMG physicians using ePrescribing. This is estimated to be over \$2M/yr starting in 2007