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Electronic Medical Records and Economics

To the Editor:

Himmelstein et al's article[1] demonstrated that the increasing use of electronic medical records (EMRs) during a recent 4-year period did not reduce overall costs and had only marginal affects on quality. This is another useful antidote to the belief that EMRs are a panacea for health care cost and quality.

This result is not surprising, given the universe in which it is considered: intra-institutional behavior. The proponents of EMRs point to different sets of reasons for their promised benefits: coordination of multiple provider care to eliminate redundant testing, and external pressures created by the publication of summary data from the EMRs. Neither was present in this study. Another major source of outside pressure is the creation of provider profiles[2] from EMRs and the use of these profiles to create reputational incentives to ration health care services.[3] At the 2010 Society of Thoracic Surgery meeting, we presented data demonstrating that states that use reputational incentives perform significantly fewer coronary artery bypass grafting procedures per capita than states that do not use reputational incentives.

More generally, the increased transparency provided by the government's Hospital Compare and soon-to-be Physician Compare websites[4] does more than increase patient information. It also makes providers think twice before offering to provide services to high-risk patients. No one wants to be last in their class. Accordingly, providers (who increasingly understand that they are under the microscope of public scrutiny) are seeking to avoid becoming a high-outlier on public report cards by shunning risky patients. But such a rationing scheme is precisely why some health care reformers advocated EMRs. The reformers know that many services, like coronary artery bypass grafting, are over-prescribed; they just cannot figure out which patients should not receive that service. On the other hand, reformers know that the reputational incentives created by the public dissemination of EMR-facilitated provider-specific profiles will motivate providers to prescribe fewer services to high-risk patients. Unfortunately, this will provide the unintended incentive for increasing unnecessary procedures done on healthy patients, which will ensure that the provider has a very low-risk profile.

In short, if Himmelstein et al had included the impact of EMR-facilitated provider-specific reporting on costs in a hospital market rather than individual hospitals, they may have found a significant reduction in overall health care costs because fewer services were provided.

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