Introduction

Patient care is the face of healthcare that most people see. How a patient is treated can form the foundation of a critical doctor-patient relationship to detect serious health issues early on. But beyond "customer service" orientation in the healthcare industry, tactical organization and detailed record-keeping are needed to support the business side of a medical practice.

That's right - we're talking about medical practice management.

Software that helps medical practices manage their offices has been around for decades. Today's medical practice management (MPM) software has embraced technological innovations that leave its older counterparts in the dust. Modern medical software allows staffers to track patient demographics, visits, and diagnoses; collect, transmit, and track billing information and insurance payments; manage appointment scheduling; and generate a variety of reports.

Some of the newer MPM software packages on the market have embraced healthcare management "in the cloud." Internet-based cloud software offers an even wider array of practice management features at a lower cost than many integrated software packages. Cloud features include drag-and-drop appointment scheduling from an Internet browser, sophisticated claim submittal with higher first pass resolution rates, software automated high-speed collections, and budget forecasting analytics with user-friendly reporting tools.

By taking on such an assortment of tasks, MPM software is able to improve the efficiency of an entire practice: from physicians and nurses to clerks and billing specialists. Your choice of software will affect everyone in your office.

Table of contents

Pricing overview

Actual costs for MPM software vary depending on the features you choose, the number of employees who use it, and training required. Here are some quick ranges you can expect – more detailed pricing is covered on page 11.

- **$599 to $1799** for small practice, multi-use software
- **$1285 to $60,000** for a licensed, locally hosted MPM system
- **$99** per month for online/ASP software
- **$349** per provider for cloud-based MPM software

Medical practice management affects not only your office but also your patients. The much-maligned Health Insurance Portability and Accountability Act (HIPAA), which among other things set standards for electronic patient data, is a driving force behind many MPM decisions.

As HIPAA gains regulatory power, institutes new rules, and levies heftier fines for non-compliance, medical practices need to be sure their MPM software provides the highest level of security. For this reason, some software vendors now encourage the use of a HIPAA compliant hosting provider to offer built-in physical, technical, and administrative safeguards per the US Department of Health and Human Services standards.

With all of these features in mind, there are hundreds of MPM software packages available to target every type and size of practice. This BuyerZone Buyer's Guide will help you ask the right questions to evaluate both the software and the vendor so you can choose the best solution for your practice.

Benefits of MPM software

The healthcare industry is rapidly adopting new software, and many practices are moving in the direction of paperless systems. Hospitals and doctor's offices that are still stuck in the drudgery of paper records and manual filing systems may face the common roadblock of software systems and databases that are not "interoperable." Meaning, an outdated database may not be able to communicate with a contemporary software system – especially when paper records are involved.

It may prove difficult for a patient to transfer physical records from one doctor's office to another that utilizes an electronic system. Countless medical errors can be prevented by encouraging *all* healthcare facilities to go paperless and use MPM software that streamlines office-to-office communication.

Clearly, implementing the right medical software when upgrading your practice has several important benefits, including:

- **Improved staff productivity** – Easy-to-use software improves efficiency.

- **Increased patient and customer satisfaction** – More flexibility in scheduling and better access to personal information.

- **Faster payment from insurers** – Paper claims usually take 90-120 days versus electronic claims that may be paid out in 7-14 days.

- **Fewer errors in billing and insurance** – Correct and resubmit in hours, instead of weeks.

- **Simplified patient registration -** Allows for easier input of patient demographics, automated scanning of insurance cards and driver's licenses, and one-click insurance verification.

- **More organized patient collections -** Limits in-office collection calls through user-friendly software billing; may provide one-touch delinquent payment and cash flow reporting.

- **Inventory management and tracking –** Organize medical stock by availability, manufacturer, or expiration date in the same software interface; automated reminders can be set when inventory levels drop too low.

Additionally, a quality MPM software package will bring you into compliance with the sections of HIPAA that specify increased security standards, ANSI billing formats, and more. As of 2012, Ponemon Institute statistics confirmed that HIPAA breaches among healthcare organizations were on the rise; only 40% of survey participants felt confident in their level of HIPAA compliance.

Buying tip: Quiz vendors carefully about up-to-date HIPAA compliance and avoid any that provide only partial

compliance.

How to investigate MPM software

Since MPM software will affect everyone in your office, it is important to involve multiple people in the evaluation and purchasing decision. Physicians, office managers, receptionists, and billing managers will all have different viewpoints and important concerns: taking any major steps towards a purchasing decision without involving every role is likely to lead to problems down the line.

As you begin your search for MPM software, you will probably notice that there are an overwhelming number of software providers to choose from. Quality is key in selecting software tailored to your healthcare specialty, HIPAA compliance still remains of the utmost importance. Any modern MPM software supplier worth their salt will be well-versed in the latest HIPAA electronic transaction standards on the horizon, including ICD-10-CM and 005010 updates.

To promote paperless organization to improve patient care and safety, the Medicare and Medicaid electronic health record (EHR) incentive program has been introduced. Because of this, many healthcare offices are opting to switch over to an EHR that includes MPM features - essentially killing two birds with one stone. This may be the best choice for your practice, depending on your office size and growth potential.

One reason that there are so many different types of medical management software is that many are targeted towards specific types of practices. After all, small family practices have considerably different needs than large hospital staffs, as do orthopedic practices, dental offices, medical equipment suppliers, and so on.

Be sure to find a HIPAA compliant software package that matches your specialty and office size by asking these questions:

- Does the system handle scheduling quirks unique your practice?
- Does the system recognize all the procedure and diagnostic codes your practice uses?
- Does the system receive regular HIPAA updates?
- Can the system handle multiple offices and multiple doctors?
- Can information be accessed from multiple locations?
- If necessary, can the system track inventory or manage several separate accounts?

It's essential that you see the software in action first-hand. In-person demos are preferable, but live online demos are almost as good. Many vendors allow you to log in to a sample account or will send you a sample CD to let you try the software yourself: Take advantage of these opportunities. All interested parties from your practice should go through their most common activities to get a sense of how easy the software is to use. Watching "canned" demos won't give you the same in-depth look at the product.

Take a cue from the American Medical Association when it comes to MPM investigation. The AMA urges all healthcare offices to enact a practice management system assessment team with the sole responsibility of interviewing staff members, assessing practice needs, and sending representatives to test software in person.

Buying tip: Choosing the right assessment team can cut down on software integration time and expense.

Where Smart Businesses Buy & Sell

MPM software features

Comparing specific features across multiple MPM software packages can be a challenge. You'll see the same features come up in one application after another, going by slightly different names or with different options. This is where you should fall back on your initial research (hopefully gathered by your assessment team): Make sure you pay the most attention to the features your staff has decided are important.

It helps to be a bit of a cynic; if you can avoid letting yourself be "wowed" by flashy features that you are unlikely to use, you'll be able to stay focused on evaluating the features that are most important to you. Doing your research in advance will help you separate the wheat from the chaff to choose core features that can improve productivity in your practice - without unnecessary bells and whistles.

General features

Every salesperson will tell you their software is easy to use. This you need to decide for yourself. What does "easy to use" mean to you?

Here are some key points to look for:

- How many clicks or screens do you have to go through to make an appointment?

- How easy is it to search for patients or unpaid claims?

- How easy is it to customize doctors' names, length of appointments, billing cycles, and fee schedules? Can you customize the features you want?

- Do you get helpful summaries of information on top-level screens, or do you have to drill down to see details?

- Can you also store and share documents within the same system?

> Make sure you pay the most attention to the features your staff has decided are important.

Scheduling

Creating, changing, and viewing appointment schedules may be one of the most mundane yet essential features of a practice management application.

Here are some important attributes to look for:

- Will the scheduler accommodate additional doctors or offices as your practice expands?

- Can you double- or triple-book appointments?

- Does the application offer instant eligibility verification? Meaning, while you are on the phone making an appointment, can you check the patient's insurance to make sure it is up-to-date and covers the procedure being booked? (This can be a **huge** timesaver for practices that deal with many Medicaid patients since they have to renew their coverage so often.)

- Is the calendar color coded by appointment status (checked-in/pending/overdue)?

- If the software is cloud-based, does it allow for drag-and-drop scheduling and rescheduling?

Billing

One of the most common reasons practices upgrade their software is to move to electronic transmission of claims. Not only is this part of HIPAA compliance, but it can also dramatically improve the speed of payments and reduce

the number of rejected claims.

Here are several criteria to look for:

- **What kind of error-checking does the billing application do?** Different software catches different errors. Good "scrubbers" not only catch basic errors like missing information but can also catch less obvious mistakes such as invalid policy numbers, mismatched diagnosis and procedure codes, Medicaid and Medicare rules, and private payer rules.

- **How are claims processed?** Some applications process all claims through a clearinghouse. Others allow you to submit claims directly to Medicare, Medicaid, and use a clearinghouse for all other claims, while still others sell add-on modules that allow you to submit claims directly to any insurer you choose. The catch there is that you need a good volume of claims to those insurers each month to make the additional cost worthwhile.

- **How is financial information handled?** Some systems include full accounts receivable tracking with claims reminders, collections tracking, revenue reports, and more. If accounts receivable features are not included, look for an export format that matches your existing accounting software – Quicken, Peachtree, etc.

- **Is intuitive billing available?** Newer cloud features offer auto-complete code input (similar to iPhone AutoCorrect) that will fill in billing codes as they are entered with corresponding data from the software database, like patient, insurance provider, and payer information. Such features are intended to reduce manual billing data entry that can result in claim rejections by automating as much as possible.

Reporting

It's easy to be impressed by the number of reports offered by MPM systems - some come with hundreds. But the only reports that matter are the ones you'll use and act upon. Make sure the software you choose can produce the reports you will use most frequently.

Some examples of valuable reports:

- Outstanding claims, by date, payer, and patient

- Diagnosis and procedure codes used, by doctor or location

- Billing reports, by doctor and location

- Efficiency reports that detail your staff's activities

- Inventory analysis, by stock availability, manufacturer, or expiration date

- Overall practice analytics, broken down into charts and graphs

Many programs also allow you to create your own reports. If you have specific reporting needs, investigate how easy it is to create new reports or export data to a third-party report-writing application.

Security

The application you choose should include security measures that meet HIPAA standards and ensure patient confidentiality.

For example:

- SSL is a standard method for communicating securely over the Internet. It is a HIPAA requirement that can

be satisfied through built-in SSL/TLS technology.

- Multiple access levels give you the ability to allow different staffers varying amounts of access: front desk staff, for example, could be allowed only restricted access to patient records and information.

- Change logs keep track of what information users access and/or edit, which can be essential if security is compromised.

- 128-bit or better data encryption will ensure data is kept secure even when transmitted. Though 256-bit encryption is recommended for better protection, it may slow down a system; in many cases, higher protection is compromised for better speed at 128-bit encryption.

- When using a cloud provider, 100% HIPAA compliant cloud storage is non-negotiable with automatic updates, bank-level server security, and advanced encryption to secure patient data online.

A software vendor should protect not only electronic patient data with access restriction but also paper records that may be input into a system. Patients must be given a Notice of Information Practices that outlines health information security, both paper and electronic.

Buying tip: Digging a little deeper into software security can set your mind at ease; it will be obvious when an MPM software provider takes security seriously.

Electronic medical records

As mentioned above, many medical practices opt to implement electronic medical records (EMR) systems. EMR applications move patients' charts online: they store physicians' notes, x-rays, prescriptions, and other information usually found in paper charts. This allows doctors to access patient information remotely, makes searching and retrieving data easier, and improves office efficiency and accuracy.

To circle it all back to patient care, EMRs also provide the added benefit of improving patient loyalty, according to one Aeffect and 88 Brand Partners study released in 2013. 82% of patients treated with an EMR-based healthcare system confirmed higher levels of satisfaction, related to more thorough communication and better access to information.

Nonetheless, both MPM and EMR are major purchasing decisions that cost many thousands of dollars. Because of their importance and expense, it is usually advisable to purchase and install these programs one at a time. However, to get the most out of both systems, it is essential that they work well together.

Because an EMR is likely to be the costlier of the two, many healthcare offices start with full-blown EMR integration and choose a complementary MPM from there.

Health Level 7 (**HL7**) is the industry-standard protocol which allows healthcare applications to share data with one another. Make sure both your EMR and MPM software use it. For truly seamless integration you should not have to export batches of data from one system to import into the other: They should communicate in real time.

As discussed previously, real-time communication between EMR and MPM software is referred to as *interoperability*. Interoperable healthcare IT supports seamless data transfer. The Office of Standards & Interoperability (OSI) at the U.S. Department of Health and Human Services regulates stricter data standards for this purpose to ensure safe shared communication.

Since many medical software vendors offer both EMR and MPM – or one software package that combines the

functionality of both – you may be able to investigate both systems at the same time.

In some cases, you may find that the provider with the MPM that is ideal for your business does not offer the best EMR. Since both systems are critical to the day-to-day functioning of your office, be sure to choose based on your specific needs, not solely on the convenience of using a single vendor.

Buying tip: The easiest way to ensure seamless integration is to buy both systems from the same vendor, provided that each individual system is up to par.

The online v. desktop decision

An important decision you will need to make when choosing your MPM software is whether you want the program and data to be hosted locally on your computers or remotely on servers owned and maintained by the software vendor. In-house solutions can be referred to as a local, client-server, or desktop systems; vendor-run applications are called application service providers (ASP), software as a service (SaaS), remote, or online solutions.

Both options provide distinct advantages, depending on your individual situation.

Local solutions

With locally hosted programs, you purchase a software package to run on your computers, and the data is stored either on your hard drive or a network server in your office. This familiar setup gives you the greatest control over every aspect of your practice management software since the data resides on a computer in your office.

Having this total control can be a drawback, though. To meet HIPAA's stringent data security standards, your computer network will need to employ advanced technologies including firewalls and variable access control, which grants different permissions to each user. Installing these technologies and maintaining the patient information database can take considerable expertise and effort – not to mention considerable expense for consultants and hardware.

In addition, keeping the data in-house gives you the responsibility of making regular backups – preferably daily – in case of a system crash. This is why locally hosted MPM systems are often a good match for larger practices that already employ (or can bear the expense of) an in-house IT department.

Proponents of desktop applications point out that MPM software is highly stable and requires little database maintenance. In addition, some vendors will handle setup and installation for you – either through an office visit or by accessing your computers remotely. And you can fairly easily create scheduled backups that copy your data to off-site computers. Plus, there is the bonus that because the data is local, overall application speed tends to be higher.

If you go the desktop route, you are more likely to pay a lump sum to buy your software outright, plus a small ongoing monthly or annual fee for support. You will also likely have to pay for software upgrades at least once per year, so ask your vendor about their upgrade policy.

To review, desktop MPM advantages include:

- Complete control over your locally stored patient data
- Guarantee that patient data won't be leaked over the Internet
- Zero reliance on a potentially unstable Internet connection
- No monthly fees to access in-house data

Desktop MPM disadvantages include:

- Higher startup cost versus online software

- Need for regular data backups and maintenance

- IT staff support required to manually update software

- No remote access from mobile devices, web browsers, etc.

Online solutions

There are several different approaches to online practice management software. In the most common model, an ASP, there is no software to buy. Both the application and the data reside on the supplier's servers; your staff uses a regular web browser to access the software.

One variation is a hybrid between the local and online models: Client software is installed on your computer, but the critical data still resides with the vendor. Other vendors set up a server (either at your office or at a data center) to host your data, which can then be accessed using remote access software. This last option often runs slowly and unsatisfactorily.

ASPs and hybrid solutions are advantageous in that your database is maintained by IT professionals at the vendor's office. Multiple layers of firewalls and security, uninterruptible power supplies, fail-over (instant switching from one computer to another in case of a crash), and reliable backups are all standard operating procedures for these vendors – and they combine to virtually guarantee that your data will always be secure and available.

The latest technology to hit the MPM scene is cloud-based software. Many smaller practices prefer cloud-based MPM systems as they are considered more cost-effective than desktop software integration. "In the cloud," you won't have to worry about buying servers, keeping software licenses updated, or paying for expensive equipment upgrades over the years. Cloud-based MPM subscribers pay a set monthly rate without steep startup costs.

If you're worried about not owning your own health records, take heart in the fact that newer cloud-based MPM providers offer complete data control to their customers. The cloud provider works to host and protect data storage, while maintaining HIPAA compliance; remote information access offers capabilities to export, transfer, and download patient data without risk.

The biggest drawback of online solutions is that they require an active Internet connection, which is no small requirement. No Internet connection works 100% of the time (99.99% uptime is an industry best). Your internal network may fail, your ISP may experience an outage, or an Internet worm may cause congestion that prevents you from accessing your data for a while. Ask your vendor about workarounds for this potential bottleneck.

With online providers, you own your data, but you only "rent" the software. For this reason, payment is more likely to involve a small setup fee, followed by ongoing monthly fees.

In a nutshell, online MPM software advantages include:

- Simple access from any location

- Backups performed regularly

- Automated upgrades from most providers

- Lower monthly rate with minimal or no startup fees

Disadvantages of online MPM software include:

- Reliable Internet connection required during use

- May not technically own your data (depending on provider)

- Monthly fees will be paid throughout service

- Patient data is stored on an outside server

Which is right for you?

Since both options provide secure, reliable practice management applications, weigh the pros and cons carefully. For example, which do you fear more: being unable to access your data while your Internet connection is down, or losing data and time because your server crashes?

If your practice has access to an immediately available IT resource, an in-house solution may be your best bet – but make sure you involve the IT staff in the purchasing decision! Smaller practices with little to no computer expertise may be better off choosing an online solution.

If this decision-making process is exhausting to you, consider why many practices are moving to cloud-based MPM solutions: Once again, it all comes down to HIPAA compliance. Many cloud-based MPM vendors that also offer EMRs employ industry experts to manage data security and facilitate routine compliance updates. That's one less thing to worry about on your to-do list.

One way to determine which software package is right for your practice is to compare products and services from multiple medical software providers.

Buying tip: Whichever option you choose, make sure the system can export your data in an accessible format. Many medical software providers are small businesses, and if your chosen vendor goes out of business, you'll need to be able to transfer your data into a new system.

MPM software vendors

In addition to selecting the MPM software, you are choosing a new partner for your practice. The application you choose will be part of your operations for years to come, so it is important that you go with a vendor who will be around to support it.

One way to help assess the stability of your provider is to choose a product with a large installed base. This ensures that the vendor will continue to upgrade and improve the product and demonstrates that the company has an ongoing revenue stream to keep them in business.

Training and support

Training and installation are critical. Switching MPM systems is an inconvenience even in the best case scenarios. Ask how the vendor plans to minimize disruption during installation. The vendor you choose should be able to import data from your current system to avoid re-entering all your basic patient data.

The vendor should also provide training for everyone who will be using the system. Many practices prefer having a trainer come to their office, but that is not always possible: web-based
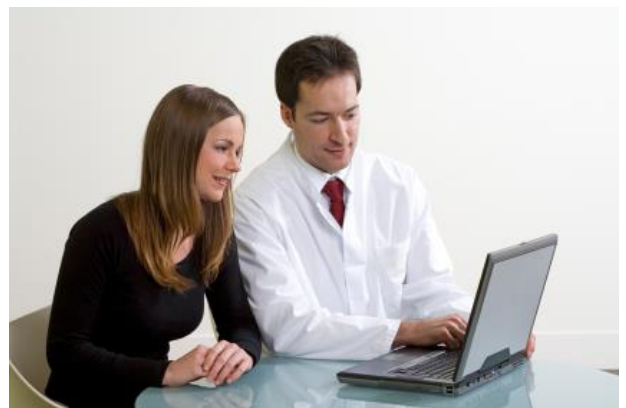
training can also be effective, if done properly. Training should take users through the basics of setting up, operating, and troubleshooting the system.

Many leading online software and cloud-based providers pride themselves in providing round-the-clock email, chat, and phone support with live representatives. When choosing a web-based system, it's critical to couple this support with promised reliability, i.e. a 99.99% uptime with a slim margin for server outages.

As with any software, you should expect occasional problems or outages. While "guaranteed uptime" and other vendor assurances are fine, more important is how they react when something does go wrong.

Inquire about support policies:

- Do they have live support staff on the phone during business hours?
- Is there a guaranteed response time?
- Are email and chat support also available?

Do a site visit

You can learn a lot by visiting one of the vendor's current customers. Ask to be put in touch with a local practice similar to yours so you can bring your team for a visit. If you can set up a visit with the other practice by yourself, all the better – you are more likely to get honest answers without a vendor representative looking over your shoulder.

During your visit, have these questions ready:

- How responsive is the vendor when you have problems?
- Does the software do everything they said it would do?
- Can you describe the software's ease of use?
- Did the vendor provide adequate training?
- Was there a learning curve for employees during training?
- How much downtime have you experienced in the last year?
- If you were starting over, would you work with the same vendor again?
- What do you like least about the program?

Some MPM software vendors use dealer networks to sell their software. The buying process will be basically the same – you can apply the same tests described here to resellers.

Buying tip: If buying from a dealer or value added reseller (VAR), make sure you understand who is responsible for each aspect of the deal: installation, support, and upgrades. In some cases, the dealer will only get you set up and trained, then the software developer handles ongoing support; in other cases, it is the VAR who handles ongoing support.

Pricing

MPM software pricing can vary dramatically. Vendors use different standards to determine exact pricing: the number of physicians, concurrent users, or computers that will have the software installed. A thorough needs assessment before you start shopping – who will use the system and how – can make for smoother negotiation.

The larger a healthcare facility, the more money you can save - after funding the initial investment. HealthIT.gov

estimates that large hospitals can save anywhere from $37 to $59 million over five years after integrating an EMR/MPM system.

Here are the average prices to expect when gathering MPM software quotes:

- Total costs for a **locally hosted MPM system** may start as low as $1285 and range up to $60,000 in licensing and installation fees. Depending on your budget, you may wish to consider getting fewer licenses initially and then add more later. Many vendors are also quite willing to set up leases or extended payment schedules, turning a hefty purchase into a more palatable monthly commitment.

- **Small practice, multi-use software** may come in different price packages, starting at $599 for a standard package up to $1799 for a professional package. The price quote includes one station with additional employee workstations at $200 each. Straightforward software like this may offer a variety of plug-ins, such as $599 e-doc storage, $495 data conversion, and $199 custom reporting. Keep these plug-ins in mind when comparing prices as some vendors may bundle the aforementioned features in their price estimates.

- **Online or ASP software** is paid via monthly fees. Setup fees are usually less than $5,000 and may include installation and staff training; monthly fees start at $99 on average. Some ASPs will charge a usage fee, such as $0.50 per claim or $0.75 per patient statement; this model works best for very small medical practices, such as startup physical therapy offices or dialysis centers.

- **Cloud-based MPM software** cuts out extra expenses in hardware, licensing, maintenance, and upgrades. Some providers offer smaller practices free integration for a total savings in the thousands of dollars. A cloud software vendor may break down pricing by monthly subscription or encounter. For example, MPM cloud software may start at $349 per healthcare provider per month or $0.69 per encounter.

Often, there is a minimum fee no matter how little you actually use the software, whether it is priced per month or by encounter. Note that these usage-based pricing arrangements are generally fair, but they require you to estimate your average usage before you can compute the total cost.

There are a large number of additional fees to be aware of. Some providers may include these as part of their monthly fees, and some may bill each item separately. As long as you know exactly what fees you will be expected to pay, you will be able to compare vendors accurately.

- **Data transfer fees –** When you import existing data, vendors will often charge you for an extra step of cleaning, de-duping, and preparing the data for the new system.

- **Exit fees** – When you leave the service, to cover the expense of exporting your data so you can move it to a new system.

- **Support fees** – Basic support is often included for six months or a year with the purchase of a desktop system and is usually included in an ASPs' monthly fee. However you may encounter long hold times on the phone unless you upgrade to the "gold" or "premier" support package, which will cost extra.

- **Training –** As with support, basic training is often included, usually computer-based training (CBT). If you need extra administrator training, or on-site classroom training, you can expect to pay extra for those as well.

Upgrade pricing can also vary. ASPs will usually upgrade their software without charge to you, but desktop vendors may charge an upgrade fee because they have to help install the new software.

Buying tip: Check your contract to see how often upgrades will occur and how much they will cost.

Where Smart Businesses Buy & Sell

5 MPM buying tips

Now that you're familiar with the ins and outs of MPM software, consider these final buying tips before you make a purchase:

- **Confirm data portability.** If you leave, how easy is it to export data to take to new app? Or how easy is to export to do detailed spreadsheet analysis of financials?

- **Research password security.** The most elaborate security available is useless if your employees keep passwords on sticky notes on their monitors, or if you use your address as the password. Make sure your staff understands the importance of basic password security.

- **Build a test plan.** Create a script that walks through your most common office tasks, both simple and more complex. Use it when you try out each solution, and you'll get a balanced comparison of how easy each package is to use.

- **Check out your network.** If you are considering an ASP solution, make that your internal network and Internet connection are sufficient to handle the load. If performance is slow, your staff may think it's the application's fault, when it's actually the network.

- **Consider your specialty.** One-size-fits-all MPM software should be approached with caution; instead, look for a vendor that advertises software geared toward multiple specialties, including but not limited to dermatology, neurology, chiropractic, ophthalmology, pediatrics, and more.

Choosing the right MPM software can drastically transform the way your healthcare office does business, not to mention improve your quality of patient care. Although it's not necessary to splurge on a top-of-the-line MPM if you won't benefit from all features, basic scheduling, patient management, collaboration, reporting, and eligibility verification tools are a must.

Upgrading outdated practice management software or updating a manual system provides a three-fold benefit to your patients, your staff, and your revenue.