

# Purchasing Strategies for EHR Systems

[Save to myBoK](#)

This practice brief has been retired. It is made available for historical purposes only.

---

by Kelly McLendon, RHIA

Healthcare providers of all types, from single physician practices to enterprise-wide integrated delivery networks, are planning and budgeting for electronic health record (EHR) systems. The process for procuring an EHR system should evolve from a well thought-out set of purchasing strategies. These strategies will help ensure vendor credibility, price performance, and the system's ability to achieve an organization's defined requirements.

This article outlines general guidelines routinely seen in the typical purchasing process of EHR systems. The steps have been tailored for an electronic document management (EDM) system that converts HIM into an essentially paperless operation. The same strategy and steps can be applied to purchase any EHR system.

Organizations may choose to follow very strict, regimented processes to strategize, plan, budget, and purchase an EHR system, perhaps performing all the outlined steps below. Others may select a few of the steps for the process. The complexities of the process can multiply significantly based on the organization. It is critical that an organization's political and organizational realities are taken into consideration when purchasing an EHR system or any component of an EHR system.

## Purchasing Strategy

The purchasing process is usually long, complex, and very involved. However, if broken into well thought-out steps, the purchasing process is manageable. It is imperative that the buyer be knowledgeable and in control of the entire process at all times.

**Define the steps to be undertaken.** The purchasing process should begin with an outline of the appropriate steps according to the organization's rules and processes and within the realities of the environment (e.g., how much money and time can be spent). HIM professionals should research the organization's vision for achieving an EHR, IT strategies, budgets, and the prevailing depth of knowledge about EDM systems. It is also critical to understand how the system will work in your facility, as the system will affect other departments.

**Identify stakeholders and engage them as appropriate.** Organizations should identify who controls the project, selecting the appropriate person for each task. E-HIM® champions are important in the purchasing process and should be recruited. Stakeholders should be drawn from many organizational levels with differing roles. IT, finance, physician, nursing, and administration staff should be considered for inclusion. If HIM professionals are asked to take the role of project manager, it may be necessary to have a role carved out on the project team for another HIM expert or to backfill duties for the HIM department.

From the outset, it should be clearly established who can approve the purchase. Savvy vendors will insist on understanding this early in the process and may try to circumvent the process if this is not clear. The purchasing team should maintain relationships with vendors to make sure they stay on track with the process. Steering committees should guide the purchasing process and have the power to carry out the entire project.

**Assign purchasing governance.** Often this is a very structured process. If not currently covered by policy, determine in advance how the purchasing will be accomplished. Governance of the purchasing processes may be either rule driven or ad hoc. Committees should work within their organizational structure to assign responsibilities to appropriate parties. Defining the project and budget and getting the purchasing accomplished calls for clearly defined roles and responsibilities.

**Define the type of system sought.** This is a difficult but important step. Steering committees should review any published standards and community practices to guide the EHR vision for their facility. An organization's intended system may include:

- An EDM system for HIM, patient accounting, and registration areas. The system will also manage the defined legal health record as well as HIM processes including workflow, applications, and images.
- Interfaces that operate in real time and include ADT, transcription, and COLD-fed documents.
- Scanning post-discharge.
- Chart completion via an EDM system.
- Clinical data repository, computer physician order entry, and clinical documentation integrated and synchronized with the EDM system.

Often there is a lack of understanding and subsequent definition of exactly what kind of system is being procured. Confusion, lack of understanding or adoption of industry standards or best practices, marketing smoke and mirrors, parochial views, and turf issues can all lead to narrowed views of what is—and is not—needed. HIM professionals should provide HIM's point of view within the context of the enterprise and make its case for what kind of system to purchase. HIM professionals should also educate others in the organization as to why HIM processes must be part of the automation plans and explain the ramifications of not providing excellent enablement of the functions they must perform every day.

**Identify return on investment or cost/benefit methods and numbers.** Return on investment, or a cost/benefit analysis, is a prudent exercise and may be required by organizational policy. It is imperative to understand the actual long-term costs and savings, both fiscally and in terms of resources. Many vendors can perform or assist in compilation of these numbers, often referencing specific models. Although there is always some bias in these types of studies, it can be managed by maintaining validation and control of the numbers used. Vendor or consultant templates for data collection and presentation of the study can be useful. The reports should capture both tangible and intangible returns on investment.

### **Savings seen typically for an EDM system include:**

- Floor space recapture
- Increased physician satisfaction due to remote access and chart completion
- Increased patient safety due to immediate access to the entire patient history and easy access to concurrent documents like transcription
- Revenue cycle benefits from centralization into a single platform of HIM, patient accounts, and registration areas with images and workflow
- Elimination of pulling and refiling records
- Faster processes such as coding and reporting
- Centralization and standardization of HIM processes
- Vastly improved data quality due to automation and better flagging of incongruous information details

**Identify system requirements.** This is an extensive part of the purchasing process and is often underperformed. Steering committees should take the time to flesh out as many of the detailed requirements as possible. Committee members should research and evaluate applicable standards, such as the Health Level Seven EHR functional model. Committee members should engage consultants, question experts, and create lists from multiple vendor materials. Be as inclusive as possible and solicit help from any possible source that can contribute.

Another possible source of requirements is the Certification Commission for Healthcare Information Technology. Its certification criteria and use cases may provide helpful material. The more requirements you list and check off, the more you will find you need to discover. Be honest in applying weight in the criteria. It is not likely that all criteria should be ranked equal in importance. Steps in this process include:

- Inquire about the standard of practice in your community.
- Research standards through articles, speakers, or other learning venues, such as vendor marketing tools (e.g., white papers).
- Use consultants with very specific knowledge and proven track records with EDM systems. Often, they have functionality lists that are helpful.

Other important high-level requirements may include:

- Can scan capture adequately manage the volume of your scanning?
- Can the system identify bar-coded document and patient ID data?
- What kinds of interfaces have been performed (ADT, text, scanned color, and black and white images)?
- Do documents display in ergonomically friendly desktops?
- Are there flexible, rules-based, customizable workflows?
- Does the system print, fax, and e-mail?
- Are there legal health record attributes like version control and searchable audit logs and signature nonrepudiation?
- Are deficiencies and signatures managed on all types of documents?
- Does the architectural model match existing IT systems, or are they compatible?
- What are the database and server operating systems?
- Can desktop integration and context management be performed?
- Is the system Web-based or Web-enabled?
- Are reports available (including productivity)? Can they be created on an ad-hoc basis?

**Identify the vendors to be considered.** There is much variability in how the field of vendors may be determined.

Sometimes there may be only a few choices. Other times organizations may have wide liberty in engaging vendors from large systems to best-of-breed or niche players. Current vendors in the organization should almost always be considered unless their performance has not been satisfactory or they do not offer a product that will meet the organization's needs. The bottom line is to evaluate candidate vendors and engage them sufficiently to ensure a purchasing process that has the depth to elicit the various details necessary to make the final decisions. Typical steps in identifying vendors are:

- Find all the players you can. Large health IT vendors, best-of-breed niche, storage companies, copy service companies, and others offer EDM for HIM purposes.
- Narrow the list to those that can meet your defined requirements. It would be prudent to include the requirements of your entire organization in this process, not just your department.
- Understand whether you want Web-based (ASP type) or more traditional client server-based platforms. Some vendors have one or the other, and the architecture of their offering can be an early eliminating or qualifying factor.
- Learn whether there are preferred and less-than-preferred vendors for your institution from your internal team.

**Exercise due diligence on rules of engagement.** Once the committee has begun the purchasing process, rules of engagement should be outlined to guide communication and documentation of appropriate due diligence on the part of both the organization and the vendor. It is important and fair to treat all the vendors equally in the early stages of the process. Vendors generally field very professional sales teams and are eager to leverage and enhance their own positions given any encouragement to do so. The best and most cost-effective results will come from being even-handed in the process.

Finalists should emerge because they are the best or most fitting for the project at hand. Many factors can influence this process, including core large vendors known to the organization. Organizations should try to treat each new purchase as an independent exercise. Remember that many applications are not necessarily extensions of existing current systems. For example, the EDM system offered by a large vendor may be an add-on application, not in the same database as the financial system the organization currently uses. Therefore, there is much to learn about the additional application you are purchasing. This is the kind of information your due diligence must attempt to determine.

Vendors spend a great deal of money performing their end-of-the-sales process, so it is unfair to engage them extensively unless a deal is going to happen within an identified timeframe. "Tire kickers" (i.e., customers who are just looking) many times may take advantage of vendor resources without meaning to. To gather general information about the marketplace, organizations not ready to purchase a system should consider attending trade shows where they can look without expending vendor resources.

Some things to consider as you put together your process for the rules of engagement include:

- Research whether your facility has rules for how to interact with vendors.
- Determine the organization-vendor relationship. Ask vendors for their suggestions based on their relationships with other facilities.

- Name the formal communications channels. There should be a limited number of people on each side that can formally communicate with each other.
- The request for proposal should be formal, written, and attached to the contract specifications.
- Site visits and telephone reference checks should be performed prudently.

**Control the sales process.** Sales teams, especially well-organized ones with experience and savvy, will try to control dates, activities, and schedule. This removes the control from the purchaser and moves it to the vendor. Committees should ask the vendor to justify its thinking about the schedule, resist if appropriate, and work constantly to determine the process, schedule, and scripting. Committee members should agree on which vendors will present when. It is important to determine if vendors listen to your instructions. Sometimes they will present what they think is important on their timeline or will vie for better schedule positioning. These types of games should be avoided if possible. Consider this behavior in your evaluation criteria. If the sales team brings such tactics to the table, consider whether the implementation, enhancement, and support teams for the vendor will do likewise. Such behavior should not be rewarded during the sales process.

An important part of the due diligence process is conducting site reference checks. There is no better way to gauge the reality of a vendor's product than reference checks. Committees should request a complete customer list for the versions of the products the vendors propose. Failure to obtain this information could be a red flag. Many vendors try to control which reference site you speak to or visit, which is fine to the extent that you wish to utilize the suggested, best site from each vendor. However, you should also feel free to call or visit other sites not necessarily recommended by the vendor.

It is important to remember that reference sites may decline to host a site visit for reasons having nothing to do with the product. They may be in the midst of major construction, system conversion, anticipating an accreditation survey, or just worn out from hosting previous visitors. Declining to offer a site visit may bear no relation to their level of satisfaction with the vendor's product.

Services that rank vendor customer satisfaction can be used as general guides only. The studies are variable, which can make true apples-to-apples comparisons between vendors difficult.

**Manage the demonstration process.** There are as many demonstration styles as vendors. Scheduling a vendor's stock demonstrations may be a good starting point. Committees should examine how vendors position themselves and how they define their products in the context of the requirements. In the second round of demonstrations, the customer must take control and guide the content, scripting, and scheduling of the demonstrations carefully. Logically, vendors tend to present product strengths, not weaknesses. Committees must make sure all points in their requirements are addressed, and many times scripting demonstrations are the answer to this issue. Look for weak points on reference calls and be sure to have the demonstrations address any weaknesses.

It is important to remember that it can be difficult for vendors to load test scripts and demonstration data and have the demonstration system perform smoothly on site at the organization. Due to constantly reconfiguring machines for differing demonstrations, sales support teams often struggle to adequately show that system functions perform quite well. Committees should find out how much this is the case with each vendor and make allowances where possible. Sometimes reference calls and site visits can help sort this out. It is appropriate to ask the sales support team what it takes for them to create a viable demonstration. And it is good to know limitations of the demonstrations beforehand.

Some organizations set up vendor fairs where several vendors are gathered in one location. This allows potential users to browse, get hands-on experience, and see product demonstrations. It can also be a useful method for information gathering.

Another approach is a "shootout," where two or three vendors are placed in adjacent rooms and given a very detailed script from which to work. The customer groups use a checklist and move from room to room to see each system perform specific functions. This makes it easier to recall how small details are carried out, such as a desktop presentation, ergonomics of button pushes, and mouse sweeps. After looking at multiple products, details may tend to blur and team members may have trouble remembering the differences between products. Shootouts solve this problem quite well.

Organizations should also determine whether the demonstration will be Web-based or in person. Typically vendors have sales support teams that perform the demonstrations, which can be valuable resources to gather detailed data about the systems. Request that vendors make use of real-life examples and scenarios developed by your organization during the demonstrations.

A sample demonstration plan might include scheduling several vendor demonstrations back to back, allowing them 30 minutes to give a high-level overview so a first pass cut can be made. Then organizations can invite selected vendors back for more in-depth demonstrations, perhaps 60–90 minutes, with a script. The script may include:

- High-level overview of scan process
- Overview of interfaces
- Image controls and desktop
- Deficiency management
- Chart completion and electronic signature
- Workflow
- Coding desktop
- Release of information
- Routine and ad-hoc reporting

**Develop, answer, and analyze RFI or RFP.** Creating a request for information (RFI) or request for proposal (RFP) and following the defined process is crucial to establishing in a legally binding way the exact system performance and final pricing. An RFI or RFP can range from a few pages to a 500-page tome. It is fine to be detailed, but remember that someone must analyze the responses and create a method for analysis. It is best to keep this process well controlled, asking for as much information as you need, as succinctly as possible.

Some vendors answer yes to nearly every question and sort out the actual facts later. Careful analysis of well thought-out questions may result in critical responses about existing products and company references, which may be a much better approach. Apply weights to the importance of each question and function being requested, remembering that not all are likely to be of equal importance. Many times outside consultants can help committees ferret out the details of the questions for which they need written responses.

One strategy is to issue a preliminary RFI with only 10 to 20 defining questions. The result can lead to the first cut among the vendors. A second, more in-depth RFP is then constructed (perhaps with the help of a consultant) to elicit a complete view of the EDM system under consideration. Another strategy is to develop performance-based scenarios or use cases to which vendors must respond.

The HIM director should work with others to analyze the RFI and RFP results. The process and roles should be defined prior to issuing the documents.

**Narrow vendor field and select vendor of choice.** Professional sales forces know that being selected as an organization's vendor of choice is a double-edged sword. It's good to be in the driver's seat, but it is risky, because when contracts get negotiated the wheels can fall off at any time. The manager of the purchasing process in the buying organization should leverage this to advantage during contract negotiations. Narrow the vendor field but don't immediately move to a single vendor until all the details are worked out.

Notifying the vendors that are not selected can be difficult, as they may have put a lot of time and effort into their demonstrations. Notify them via phone or in person and thank them for their involvement, perhaps leaving the door open to future pitches on other products if appropriate.

**Best and final proposals.** Sometimes it seems that there is no end to the negotiation and discovery process that leads to changes in the proposals, but at some point a best and final version of the vendor's proposal must be designated. The key is to determine the proposal in a systematic way that drives all the value possible to the purchaser. The best and final proposal should detail in-depth everything that must be considered, sized, configured, and procured. This proposal will be taken to the contract negotiation stage.

**Contract negotiations.** Adhere to the technology purchasing process for your organization. Work with your in-house experts, whether legal, technical, or procurement, to assist in validating the contract and negotiating it to achieve the best result for your organization. Some contracts are shorter, some longer, but all are complex. Some vendors use boilerplate contracts to the largest degree they can. The purchasing team should be patient and diligent in attending to contract details. Sometimes vendors

will take hard lines in negotiations, but if a sale is really important (e.g., at the end of a quarter or year for public companies), they may soften significantly to get the signature they want to get.

## References

AHIMA. "Electronic Document Management as a Component of the EHR." 2003. Available online at [www.ahima.org](http://www.ahima.org).

Dougherty, Michelle. "Understanding the EHR System Functional Model Standard." *Journal of AHIMA* 76, no. 2 (2005): 64A–D.

Health Level Seven. "EHR System Functional Model Draft Standard for Trial Use—Supportive Functions." 2006. Available online at [www.hl7.org/ehr/documents/Documents.asp](http://www.hl7.org/ehr/documents/Documents.asp).

Quinsey, Carol. "Using HL7 Standards to Evaluate an EHR." *Journal of AHIMA* 77, no. 4 (2006): 64A–C.

## Prepared by

Kelly McLendon, RHIA

## Acknowledgments

Margret Amatayakul, MBA, RHIA, CHPS, FHIMSS

Michelle Dougherty, RHIA, CHP

Rose T. Dunn, CPA, RHIA, FACHE

Darice M. Grzybowski, MA, RHIA, FAHIMA

Carol Ann Quinsey, RHIA, CHPS

Lydia Washington, MS, RHIA, CPHIMS

---

### Article citation:

McLendon, Kelly. "Purchasing Strategies for EHR Systems" *Journal of AHIMA* 77, no.5 (May 2006): 64A–D.

---

Driving the Power of Knowledge

Copyright 2022 by The American Health Information Management Association. All Rights Reserved.