

Selecting A Practice Management Information System

By Robin Worley & Vince Ciotti

Tremendous strides have been made in Practice Management Information Systems (PMIS) over the past few years, with such new developments as electronic charting, voice recognition and optical imaging adding new dimensions to what used to be simple "Physician Billing Systems." Modern technology, such as RISC-based minicomputers and client server architecture, have ushered in a new era in price/performance for hardware, while electronic charting and Managed Care applications are pushing the software envelope. However, the process by which most medical practices evaluate and select among competing PMIS systems is still as old as keypunch card systems of the fifties.

The "Request For proposal" or RFP is the dominant tool by which most practices and consulting firms evaluate potential new systems today, practically unchanged from the sixties when physicians first utilized computers. The RFP is comprised primarily of a feature checklist, whereby vendors are asked to answer an elaborate series of questions about their systems functionality, with the vendor who answers the most "yes" responses being the winner. The problem with RFPs is that most modern systems enable vendors to answer "yes" to 98% or more of the feature checklist, through such creative tools as report writers and screen generators. In addition, most consulting firms have developed "boilerplate" RFPs, to which vendors respond with "boilerplate" proposals, neither document reflecting many of the unique characteristics and requirements of individual practices. Lastly, the semantics involved in the wording of RFP questions is hardly fool-proof, leading to frustrating "I though you meant..." discussions, whether in or out of court.

This article describes how our organization selected a new PMIS in 1996 using a radical new approach that totally bypassed an RFP, yet enabled us to acquire a state of the art system at a very competitive price. This new process enabled the actual users of the new system to evaluate systems through such techniques as structured system demos, reference checking and perusal of vendor user manuals, rather than relying on RFP checklists alone. The result was not only a more accurate rating of products, but tremendous "buy in" by the end users, which is the best preparation for an effective implementation.

BACKGROUND

Manhattan Management Services, Inc. (MMS), is a practice management corporation owned by the Department of Medicine at St. Luke's-Roosevelt Hospital located in mid-town Manhattan. MMS provides billing services for 390 physicians affiliated with the hospital, with an annual revenues in the tens of millions of dollars. Like many practices, MMS has seen its services gradually evolving from simple billing services into more of a Management Service Organizations, as member physicians reacted to the impetus of Managed care by requesting increased assistance in negotiating contracts with HMOs, cost accounting, office scheduling and even computerized charting.

MMS had been using a billing system that was relatively robust when originally purchased for billing automation in the early nineties, but the product had been sold to a new vendor, who announced plans to "sunset" it within a year. Service and support were slipping rapidly and there was little R & D being committed to meet Managed Care requirements. Accordingly, MMS embark on a search for a new system with several goals:

- To select a PMIS from a leading vendor that would not likely "sun-set" it in the near future.
- To complete the selection process as rapidly as possible, so we could get off the old system before service deteriorated further.
- To include functionality in new application areas, such as:
 - Managed Care,
 - Office scheduling, and
 - Electronic Charting.

A kickoff meeting was held in the fall of 1995, with a selection team representing users from various departments in MMS, including:

- Registration
- Charge Entry
- Payment Posting & Controls
- Customer Service
- Managed Care

Several physicians participated in the selection process as their schedules allowed, and representatives from St. Lukes - Roosevelt Hospital MIS department also attended key sessions. The search for a replacement system was guided by the "PERT" (Periodic Evaluation & Review Technique) chart shown as Figure A, that outlined the detailed steps MMS' selection team was to follow during the selection process throughout the six month project. Each paragraph that follows in the article below is keyed to the PERT chart by the numbered boxes.

1. Issue RFI

This first step in the process consisted of issuing a Request For Information (RFI) or general questionnaire mailed to the "Top 10" Practice Management System vendors:

- National Firms - leading vendors prominent throughout the country, such as IDX, SMS, CyCare, Medic and PCN.
- Local Firms - with a strong presence in the New York area, which has several unique billing requirements.

The RFI asked each vendor to provide rough costs for their systems as well as key information about their firm, such as annual revenue and profitability, number of employees, and number of clients, both in NY as well as nationwide. Thus, the RFI enabled us to narrow the field immediately to only those firms who could prove their financial viability, charged a reasonable fee and had a local presence. Interestingly, several vendors dropped out at this stage based on the questions in the RFI, saving themselves the marketing costs and ourselves the time and trouble of evaluating them further.

2. "Top 10" Lists

The second step in MMS's selection process (Task 2 on the PERT chart) was for each user area to list the top 10 features that their department required in a new system to increase productivity and reduce costs. Our consultant assisted by distributing sample from other practices, which all fit on a single page and included:

- Features that were being utilized from the old system which users did not want to lose, and
- Important features they desired in a new system, avoiding any "gimmees" like "on-line."

The lists were segregated by department and would serve as the basis for subsequent steps in the selection process, whereby users would telephone references, research user manuals and rate demos. The Top 10 feature lists replaced the bloated "feature checklist" of an RFP, but were scored by our own users to avoid the problem of over-zealous answers from vendor marketing representatives.

3. System Demos

The next step in MMS's selection process (Task 3 on the PERT chart) was for the users to attend demonstrations of each of the remaining vendors' system at the practice, so each department could observe the system first hand. Each vendor was allowed one full day, with one to two hours per user area, to show their key features and answer questions.

Users rated such aspects of each system as user friendliness, ease of screen navigation, report writers, etc., using a checklist provided by our consultant. The consultant scored the checklist, with the results tabulated in a detailed spreadsheet. The demos not only allowed MMS users to learn about the state-of-the art in contemporary practice management systems, but also allowed a ranking of each vendor's product according to the needs of MMS departments, using the standard questions as well as "top 10" features described above. The results of the demos are shown in the graph in Figure B.

The results of the demos was reviewed at a meeting with selected physicians and management of MMS, where end users were given a chance to comment on each system. The results of the discussion with the users was that physicians learned in a brief meeting the net of a long and arduous demo process, and each person had their say so any disagreements about vendors were aired openly. Based on the rough price quotes in the RFI and demo results, four vendors were selected to proceed with the next steps.

4. RPQ (Request For Price Quotation)

After the system demonstrations, MMS issued a "Request For Price Quotation" (box 4 of the PERT chart), soliciting detailed price bids from the remaining Practice Management System vendors in a common format. The body of the RPQ explained MMS's current systems and general system requirements, and included several forms the vendors were to complete:

- Costs - a detailed cost breakdown was requested, including five pages of details on hardware, software and installation fees. The hardware & software costs were "phased," that is, MMS would first replace billing & AR (Phase I), then automate Charting and Managed Care (Phase II).
- Client Base - statistics were requested on the size of each vendors client base by number of physicians, so MMS could ascertain the extent to which each vendor was committed to our large size and the unique NY market.
- User Manuals - were requested, so MMS users could review both the quantity and quality of the Technical Documentation each vendor provided with their system.

Also included in the RPQ was our consultant's contract questionnaire, which included 25 contract issues they have learned are crucial in eventually working out a favorable agreement. While the vendors were working on their proposals, MMS users began the next two tasks: telephones & manuals.

5. Phone References

While the vendors were responding to the RPQ, users at MMS were telephoning their counterparts at client practices, asking them questions from another checklist concerning response times, ongoing support and other questions. The users did not speak to management at the practices, but rather the actual workers who used the system on a day-to-day basis, thus avoiding any "politically correct" answers from higher-ups who may be wary of angering vendors with negative comments. The "net" is show in the graph in Figure C, and shows how most vendors are rated far lower than the 98% positives that they typically respond with in an RFP. Indeed, the users began to get an earful about how no system was perfect, thus lowering their expectations from the hyperbole of the salesmen's' demos and educating them about how hard the conversion would be with any new system.

6. Manual Review

While making telephone reference calls, users at MMS also perused the systems' User Manuals, which were borrowed from each of the semi-finalist vendors. Proposals are usually the product of vendors' marketing departments, often loaded with "futures;" technical manuals, on the other hand, are usually written by service personnel and almost always are somewhat late in catching up with new releases, hence, being far more conservative. In addition, the user manuals serve as an ideal "product definition" in a contract, having been written by the vendor and not subject to any interpretation or technical audit as are most RFP feature checklists.

Each vendors' documentation was reviewed for its timeliness, ease of use, illustrations, indexes, etc., again using a structured checklist. Each user department also looked up their "top 10" features in the manuals to insure that the systems performed the functions they deemed critical, a process far more reliable than relying on proposals from vendor's salesmen, which generally say "yes" to most questions in an RFP. The results of the documentation review are given in Figure D, which again shows far less than perfect scores, unlike most proposals.

7. Preliminary Costs

While phone calls were being made and manuals reviewed, vendor responses to MMS' Request for Price Quotation (RPQ) were being analyzed to compare costs. The RPQ had vendors respond to many "hidden" cost areas, such as travel, both for vendor installation personnel coming to New York, as well as MMS personnel traveling to vendor headquarters for classes. Ongoing annual maintenance fees for hardware and software were also factored in, so that total costs for 5, 7 and 10 years could be compared for the semi-finalists.

It is important to note that costs alone were not the sole factor in rating systems, but rather their "price performance," that is, the combination of their scores in demos, telephone references, user manuals, etc., compared to costs. Buying the cheapest system is not necessarily a bargain, if it required extra FTEs or person-hours to work-around system problems and limitations.

8. Semi-Finalist Ranking

At this time the vendors were ranked, based on all of the results so far: system demos, telephone references, user manual reviews and preliminary contract terms. Each department was asked to vote for their preferred vendors to proceed with in the search, with consideration being given to eliminating at least one vendor at this time due to the time and expense involved in the next step: making site visits. The results generally followed the chart shown in Figure E, which shows both the "raw" scores from each step, as well as how they were weighted to place more emphasis in such steps as telephone references than demos.

At this stage, preliminary price discussions were held with the vendors, soliciting discounts to help the firms keep in the running. Vendors were told that price was not the sole factor in MMS' decision, but that they could help their cause by proffering discounts now to avoid being eliminated on other grounds. This iterative process of requesting discounts proved to be very valuable in the long run, as vendors generally offer their most favorable terms in a competitive situation, not when they are told they are the "winner" based solely on RFP scores.

9. Site Visits

This step in the selection process involved MMS' users traveling to an actual user practice of the two finalist vendors to see their systems in live operation. Nearby sites were requested for several reasons: to lower MMS' costs to travel, to see the systems in operation in the demanding New York environment, and to observe local service and support levels far away from vendor headquarters. Interestingly enough, one of the semi-finalist vendors with a supposed national presence could not arrange a local visit in New York, simplifying our decision as to which two vendors were the finalists.

10. Contract Negotiations

The last step in the process involved simultaneous contract negotiations with the two finalist vendors. This minor detail deserves reinforcing, as many practices make the mistake of telling one vendor they are the winner based on their RFP score, thus losing the negotiating clout of competition. Both of the finalist vendors' contracts were examined in detail, and extensive lists of issues drawn up, which our consultant then reviewed with vendor executives of site. Discounts were again requested, based on our consultants knowledge of the "going rates" for systems and typical price reductions vendors offer. Thus, the consultants also served as a "lightning rod" for any ill will in the contract negotiating process, leaving MMS with the "white hat" for ongoing relations.

MMS management was then appraised of the results of the negotiations, and decided which vendor offered the best contract, based on price as well as contract terms, including such areas as response time guarantees, warranties, remedies, etc. Thanks to the competition between the two finalist vendors, even further discounts were requested, this time by MMS directly to "close the deal." The result was an excellent price paid for a top-notch system, one that was supported by both the users and physician management.

CONCLUSION

There are many ways a medical group practice can evaluate systems better than the traditional RFP:

- Involving end users heavily in evaluating systems not only gains their detailed input on features but also increases their "buy in."
- Structured checklists can make such steps as telephone references and site visits as quantifiable as any RFP score.
- Perusing User Manuals not only avoids marketing hyperbole but also serves as an excellent product definition for the contract.
- Keeping two vendors in the running at the end, rather than having a single RFP "winner," greatly increases negotiating clout.

We hope these techniques will assist other practices in their searches for new Information Systems. Just as systems have progressed enormously since they were first introduced in the sixties, so too must the process by which we evaluate and select them.

ABSTRACT

Despite enormous advances in information systems, the process by which most medical practices select them has remained virtually unchanged for decades: the "Request For Proposal (RFP)." Unfortunately, vendors have learned ways to minimize the value of RFP feature checklists, to where they little today about system functionality. The authors describe a modern selection methodology that replaces the RFP with scored demos, reviews of vendor user manuals and mathematically structured reference checking. In a recent selection process at a major medical center, these techniques yielded greater user buy-in and yielded favorable contract terms as well.

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