



**Q4 2010 U.S. Healthcare CIO Survey-  
*Continued Progress on EHRs and Meeting  
Stage One Meaningful Use***

*Selected Excerpts – EHR Implementation Trends*

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F R O S T  S U L L I V A N

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\* For full report

# Research Purpose and Topics

## Q4 2010 U.S. Healthcare CIO Survey



### Purpose

The *Frost & Sullivan Healthcare CIO Survey* is designed to gage the opinions of a select group of industry thought leaders across U.S. health care systems who are responsible for purchasing and managing enterprise healthcare IT systems.

The Q4 2010 online survey and follow up live discussions focused on short-term and long-term trends around EHR implementation, looking specifically at CIOs' opinions on vendor selection, pricing trends, and physician adoption of EHRs as well as general feelings about Meaningful Use and all that entails.

We present the key findings of the survey and benchmark our respondents' attitudes against some of the broader market trends that have emerged over the second half of 2010. We also provide some summary thoughts on the results of the survey and our conversations with CIOs and point out some key trends to look for in 2011.

### Topics

***Status of EHR projects***

***Trends in vendor selection***

***Pricing trends for new installations and maintenance***

***Single Source vs. Best of Breed***

***Subsidizing EHRs for affiliated physicians***

***Physician attitudes about EHRs***

***Strategies to engage physician adoption***

***Status of qualifying for Meaningful Use***

***Attitudes towards EHRs and Meaningful Use***

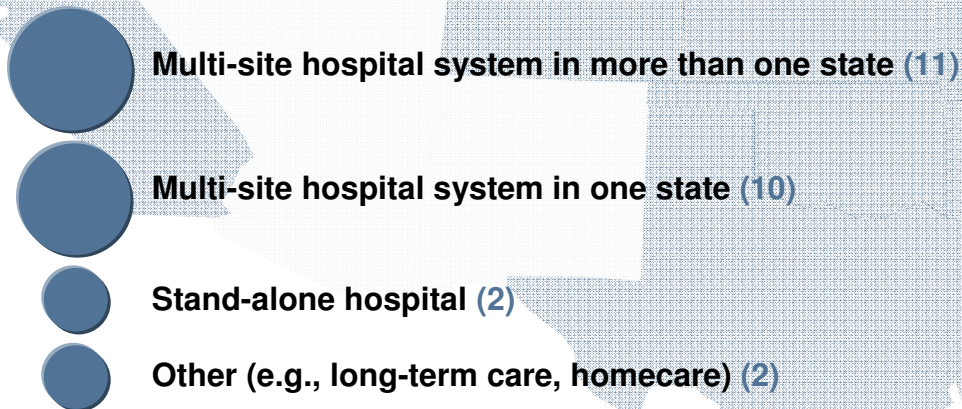
# Research Methods and Respondent Profile

## Q4 2010 U.S. Healthcare CIO Survey

### Our CIO Respondents Represent Major Healthcare Systems Across the U.S.

#### Respondent Profile\*

- Most respondents hold the title of CIO, CMIO, CTO, or VP Informatics and are considered leaders in their field
- The respondents work at some of the most prestigious hospitals and healthcare systems in the country
- The maximum number of respondents for some questions was 25; the average number of respondents for most questions was 23 (response rate for survey = 56.8%)
- The majority of respondents work at multi-site hospital systems operating in more than one state
- 56% of respondents are responsible for  $\geq 5$  hospitals or healthcare organizations
- Around 100 U.S. hospitals of varying sizes across the U.S. are represented in the survey findings



#### Research Methods

An online survey with a series of multiple choice questions was sent to 44 CIO/CMIO/CTO delegates planning to attend the *Next Generation Healthcare (NGH) Summit* on Nov 15-17, 2010. Online respondents were anonymous. Preliminary survey findings were presented at the NGH Summit on Nov 16, 2010; discussions were held with delegates and respondents throughout the 3-day meeting.

[www.nghealthcaresummit.com](http://www.nghealthcaresummit.com)

\*Highlighted areas on map represent some of the major geographic locations for respondents; survey results are presented as response count rather than response percent given the qualitative nature of the study

# EHR Implementation Trends



# EHR Implementation Trends

## Q4 2010 U.S. Healthcare CIO Survey

### Respondents' View

- The majority of respondents' hospitals are at HIMSS EMR Adoption Model (EMRAM) Stage 3\*.
- Epic is the most widely used vendor followed by Cerner; Siemens and GE are tied for 3rd place.
- CIOs are not planning to switch vendors in the next year.
- Respondents gave mixed information about pricing trends although it appears that prices for new EHR installations are holding steady but prices for annual maintenance seem to be going up.
- A slight majority of respondents said that vendors seem more flexible on pricing but there were some comments about higher prices being passed on due to vendors' costs associated with certification.
- Most CIOs prefer single source over best of breed but acknowledge that this is not always feasible.

*\*see Appendix for full description of HIMSS stages*

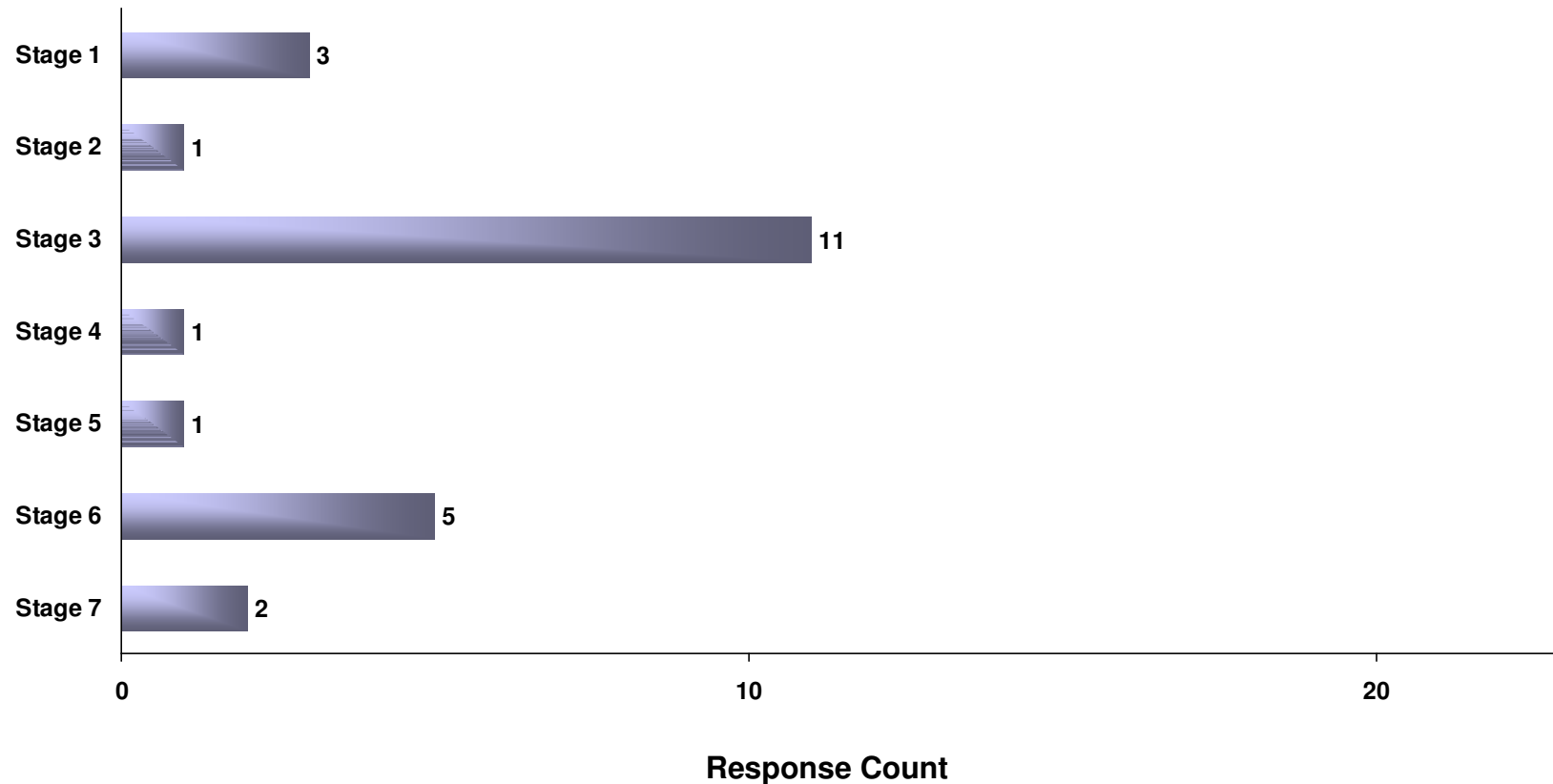
### Market Trends

- HIMSS data through Q3 2010 also reflects that EMRAM Stage 3 is currently the most common level of EHR implementation (50% of the 5,233 U.S. hospitals surveyed). The majority of Stage One Meaningful Use functions for hospitals require Stage 4 Stage of the EMRAM.
- Recent hospital sales data from KLAS supports the strong performance for Epic and Cerner, especially in large hospital systems where these two vendors made up almost 70% of sales in 2009.
- There are conflicting opinions about how the single source/best of breed debate is playing out. Some health IT experts note a trend towards a mix of applications with varying features and functions enabled by more standardized health information exchange; others feel that integrated enterprise solutions from a single vendor that has the flexibility to adapt and scale across a variety of care settings is the clear preference and strongest trend.
- Recent surveys show that CIO's are very concerned about vendor capacity to meet growing demand for EHR implementations as well as their own internal IT staffing capacities.

# HIMSS Stage 3 is the Most Common Level of EHR Adoption Across Respondents' Organizations

## Q4 2010 U.S. Healthcare CIO Survey: Stage of EHR Adoption

What is the current level of EHR adoption for each hospital you are responsible for referencing the HIMSS EMR Adoption Model\*



Responses (n=23)

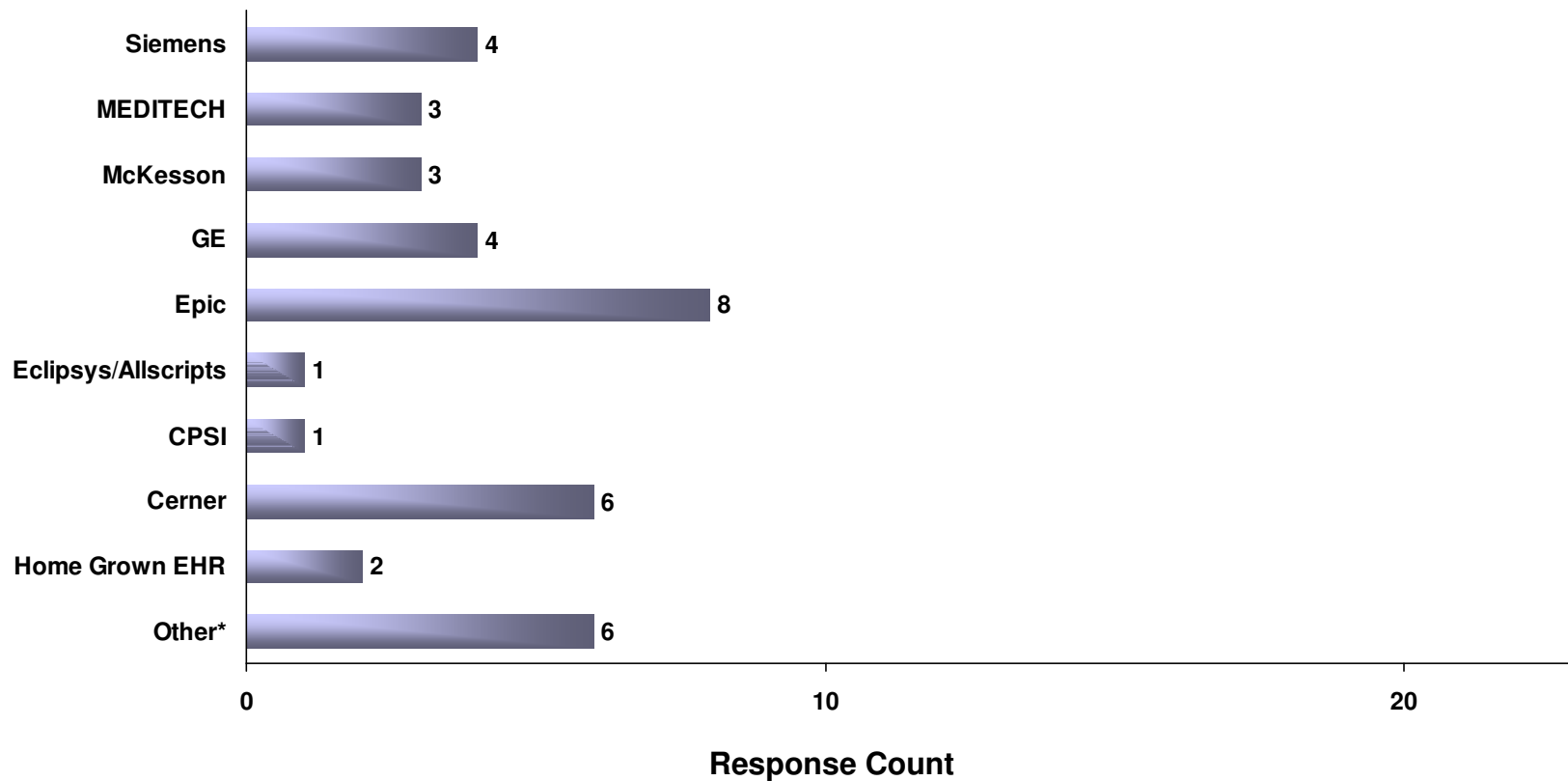
\*Stage 3 = Clinical documentation (flow sheets), CDSS (error checking), PACS available outside Radiology; see Appendix for full description of HIMSS stages

Source: Frost & Sullivan

# Epic is the Most Popular EHR Vendor Among Respondents

Q4 2010 U.S. Healthcare CIO Survey: Vendors Currently Used

Selecting for EHR only, which vendor or vendors are you currently using? (select all that apply)



Responses (n=23)

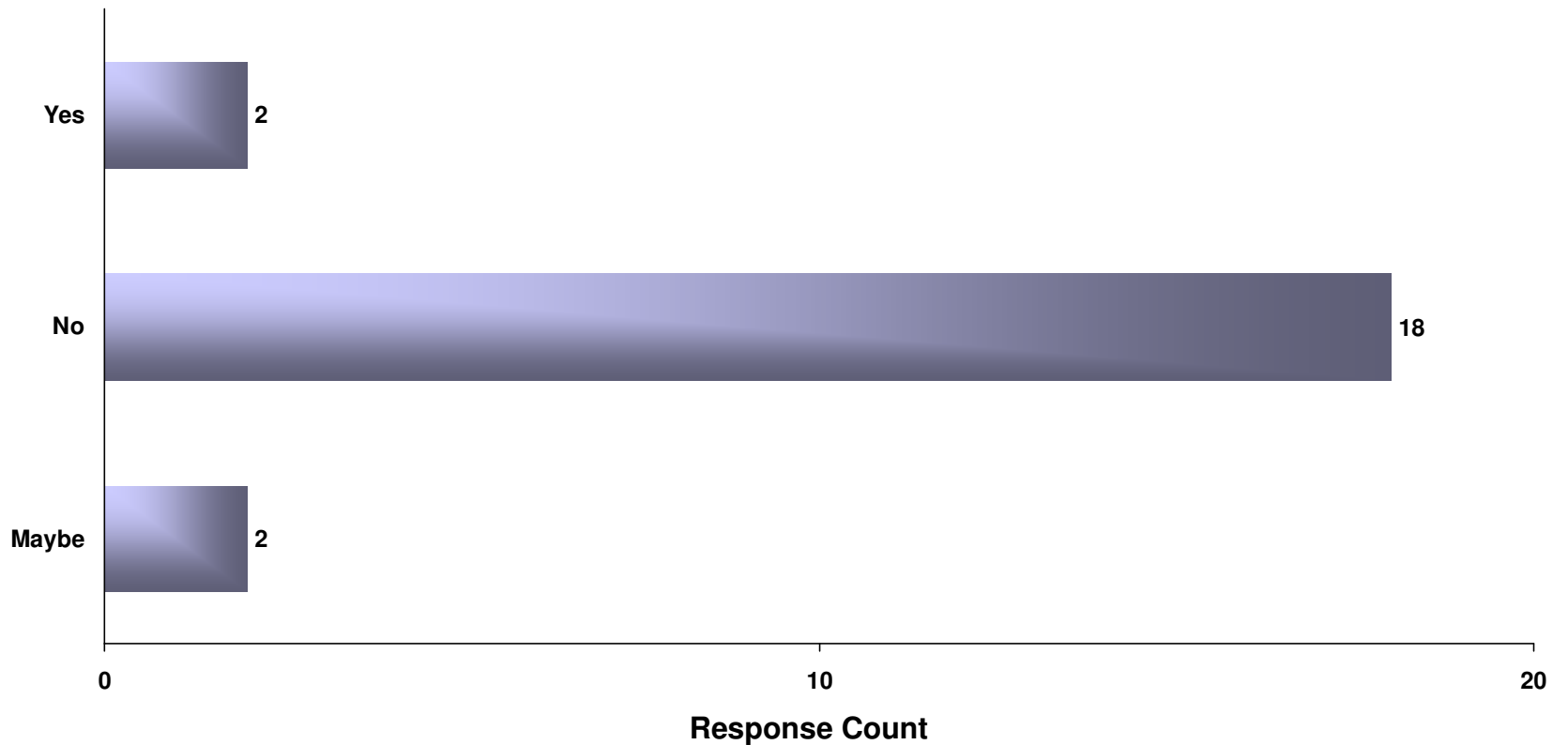
\*Other includes NextGen (3 respondents), Eclipsys/Allscripts (2 respondents), and QuadraMed (1 respondent)

Source: Frost & Sullivan

# The Vast Majority of Respondents Do Not Plan to Switch EHR Vendors in the Next Year

*Q4 2010 U.S. Healthcare CIO Survey: Plans to Switch Vendors*

*Do you plan on switching EHR vendors in the next year?*



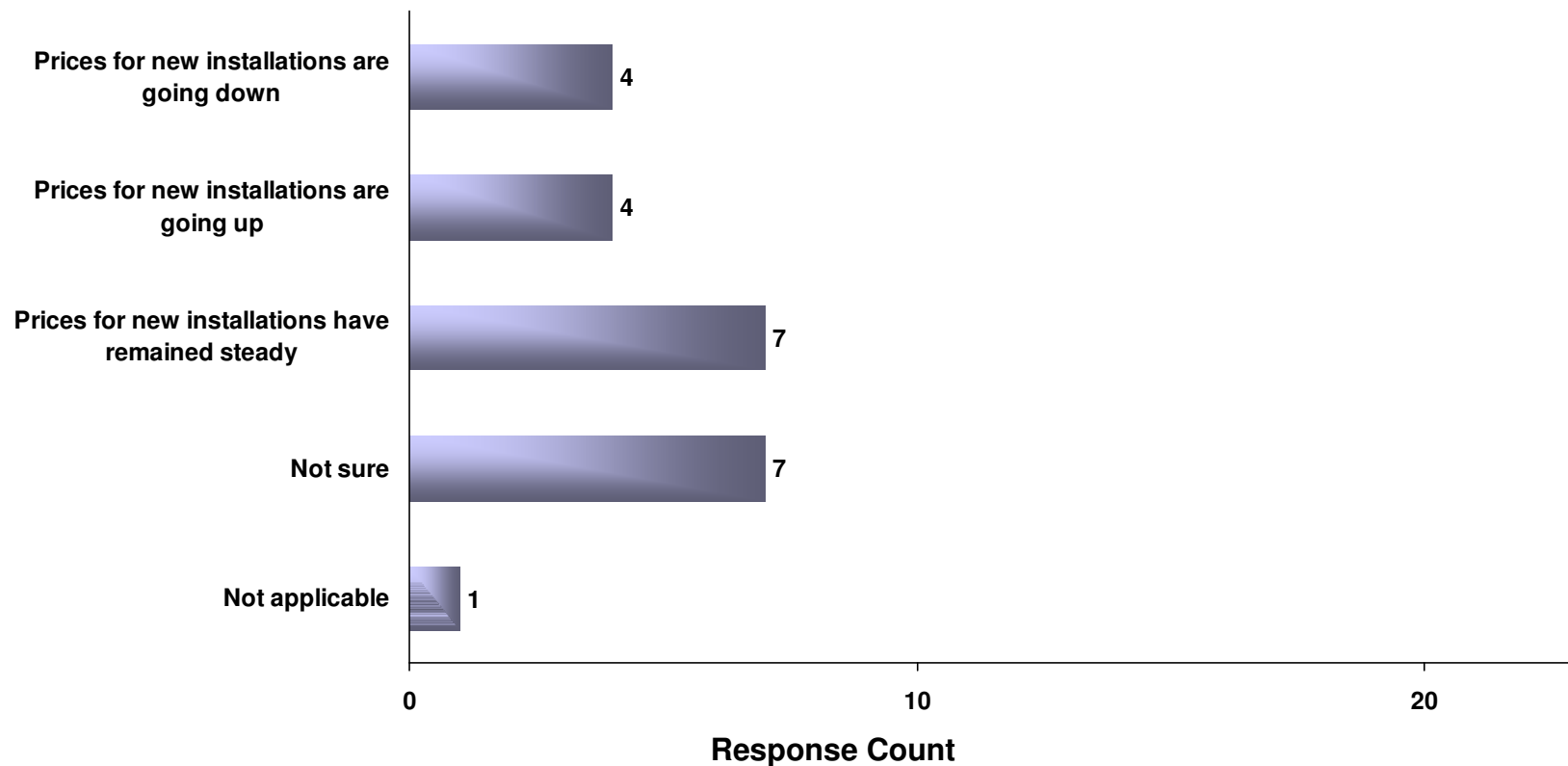
*Responses (n=22)*

*Source: Frost & Sullivan*

# Respondents Were Unclear about Pricing Trends for New EHR Installations

Q4 2010 U.S. Healthcare CIO Survey: New Installation Pricing Trends

What trends have you seen in prices for new EHR installations over the past year?



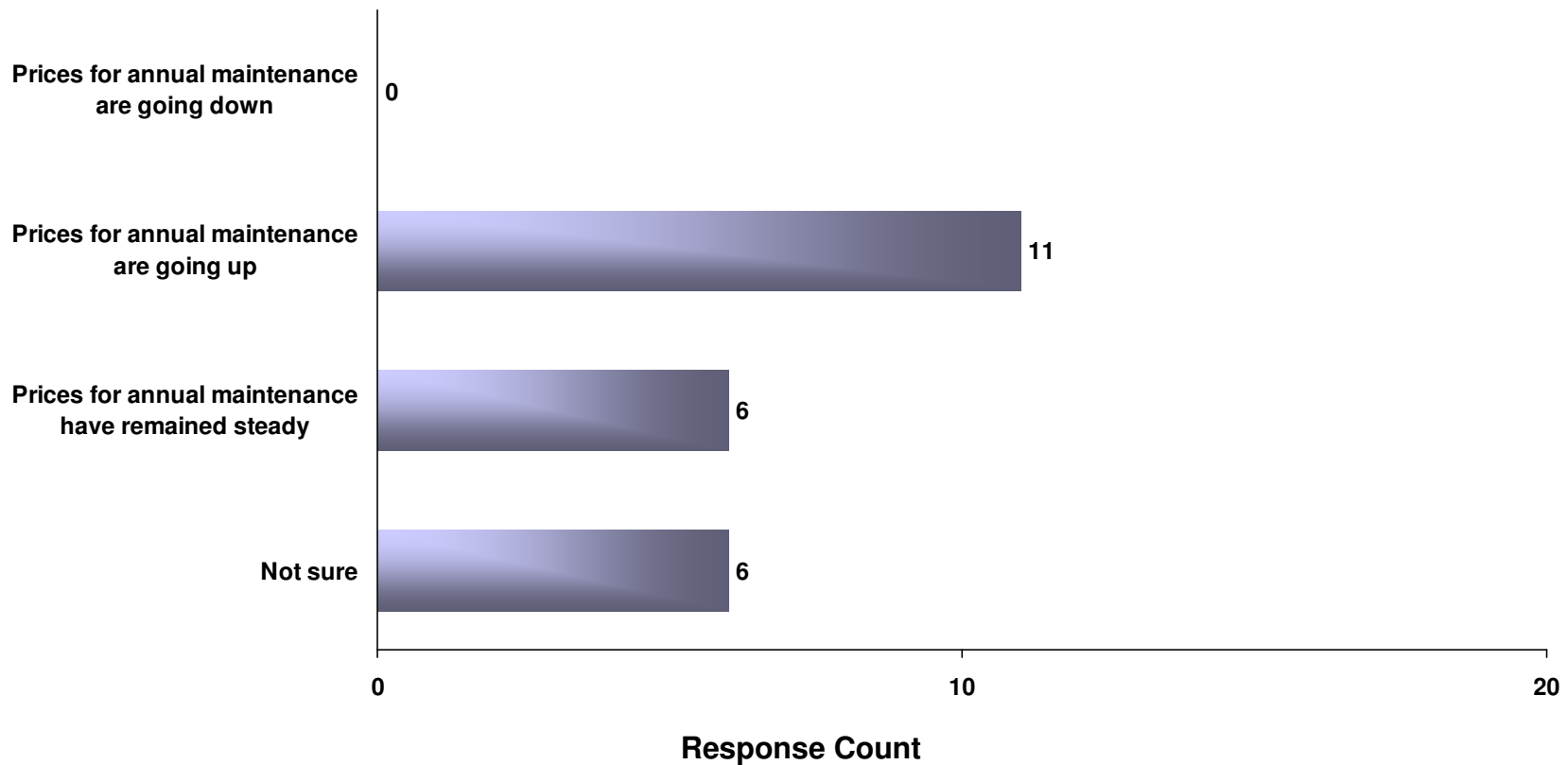
Responses (n=23)

Source: Frost & Sullivan

# Prices for Annual Maintenance Fees Are Not Going Down and Appear to be Going Up

## Q4 2010 U.S. Healthcare CIO Survey: Annual Maintenance Pricing Trends

What trends have you seen in prices for annual maintenance fees over the past year?



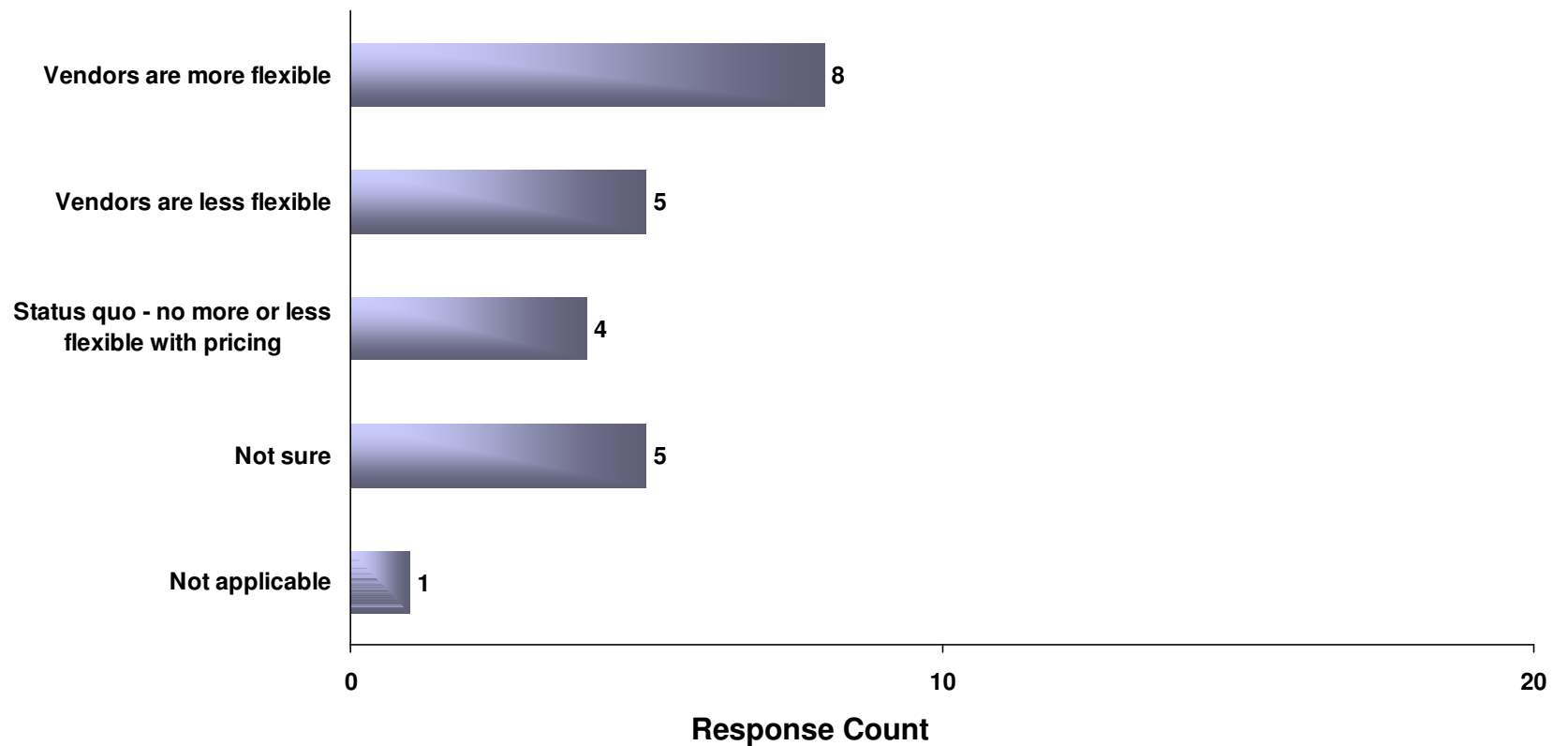
Responses (n=23)

Source: Frost & Sullivan

# Vendors Appear to Be More Willing to Negotiate on Prices

## Q4 2010 U.S. Healthcare CIO Survey: Price Negotiation Trends

What trends have you seen in the willingness of EHR vendors to negotiate on prices over the past year?



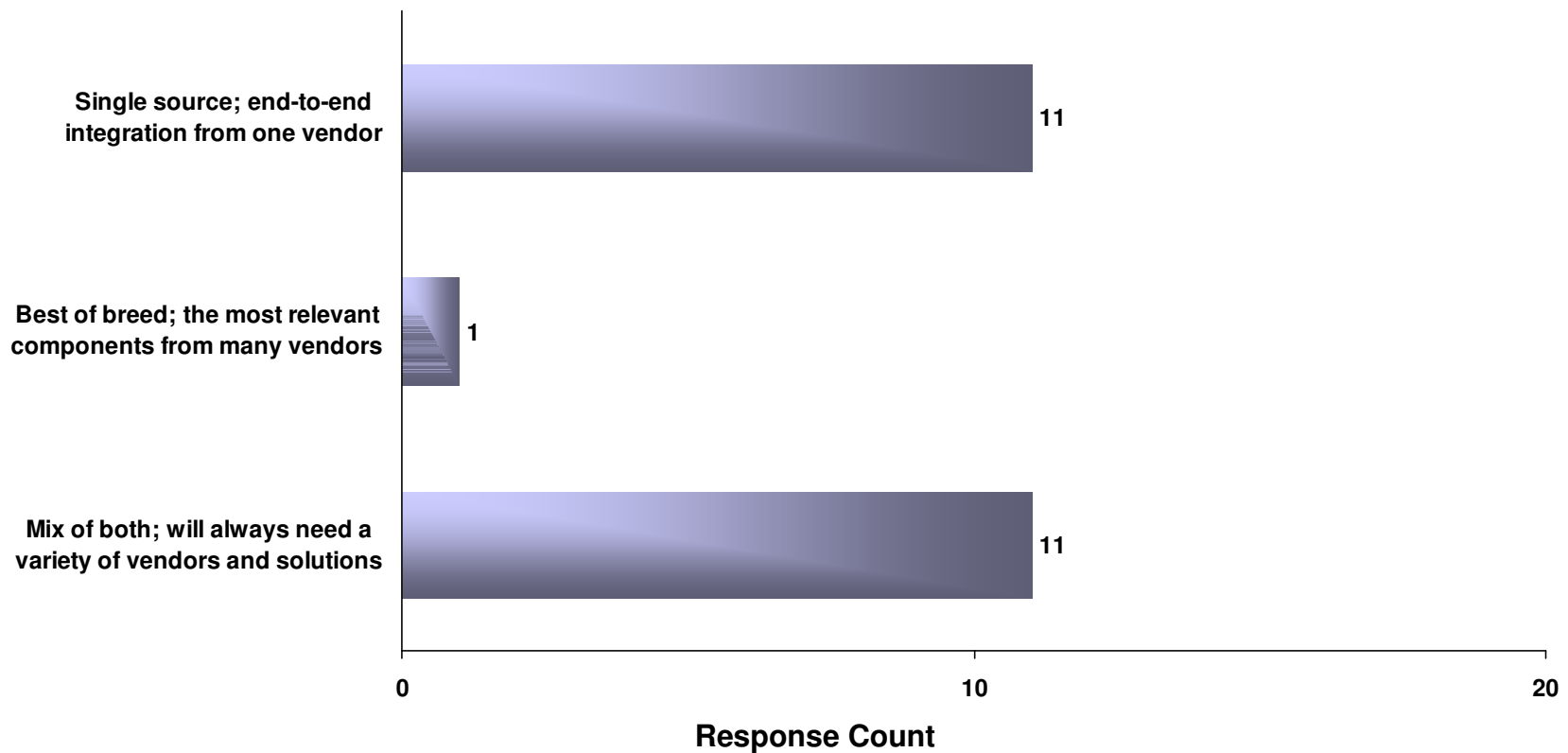
Responses (n=23)

Source: Frost & Sullivan

# Integrated, End-to-End Solutions From One Vendor is Preferred but Mix of Vendors is the Reality

## Q4 2010 U.S. Healthcare CIO Survey: Vendor Mix Preference

*For hospital clinical systems, what are your preferences with regard to single source vs. best of breed?*



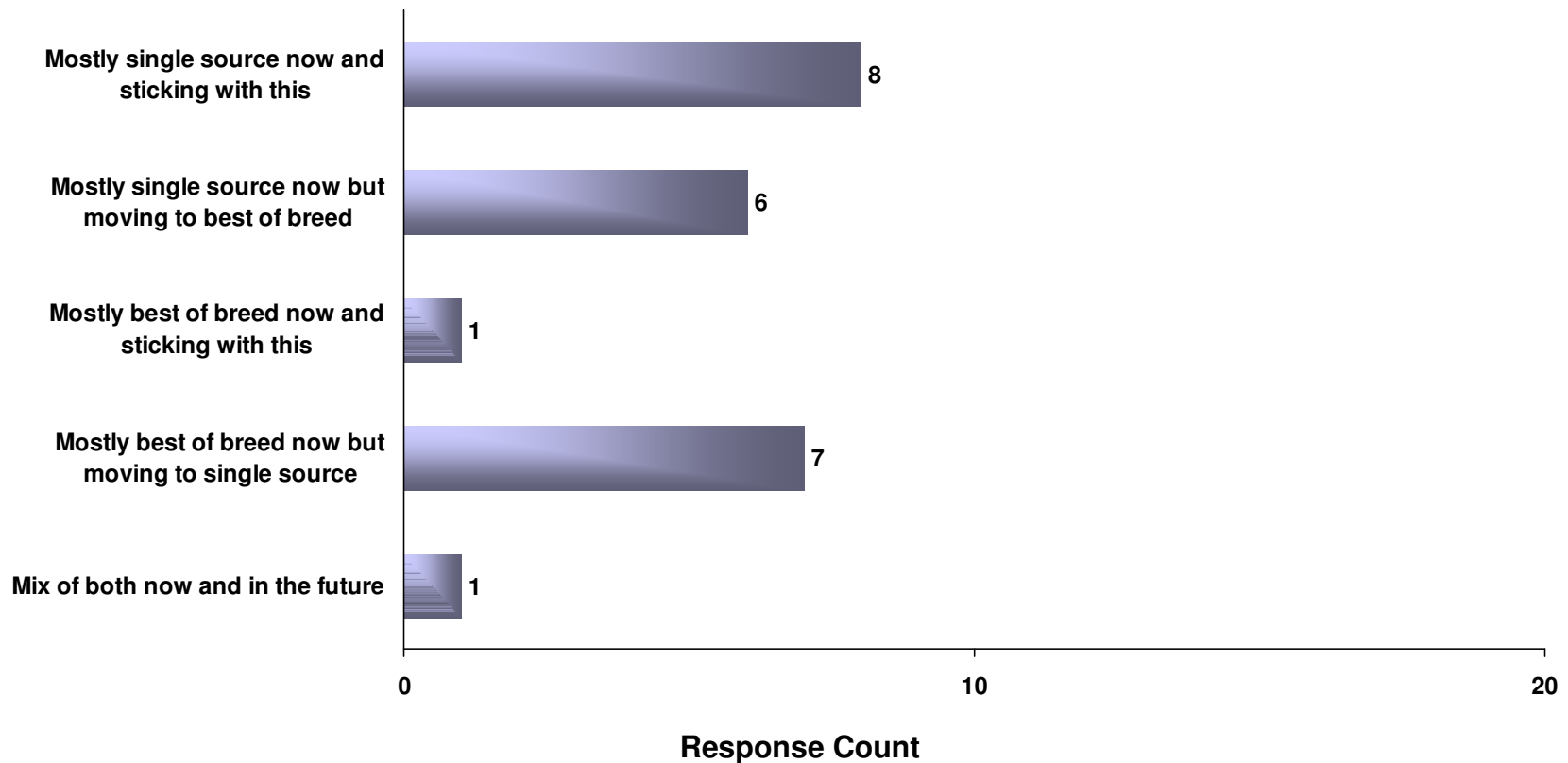
Responses (n=23)

Source: Frost & Sullivan

# Most Respondents Employ Single Source Now or Plan to Move to this Model in the Future

## Q4 2010 U.S. Healthcare CIO Survey: Vendor Mix Status

*What is the current status of single source vs. best of breed at your hospital or across your various hospitals?*



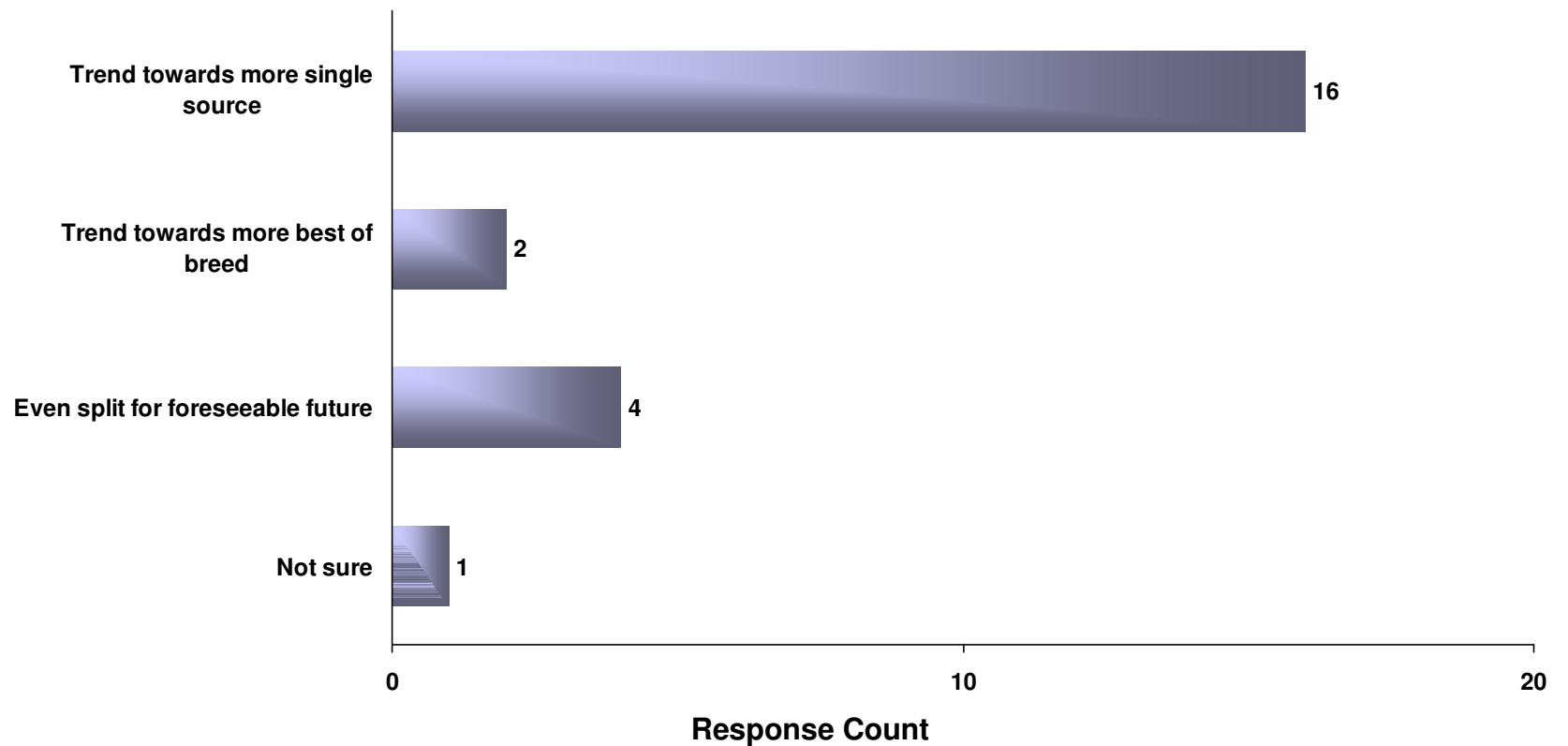
Responses (n=23)

Source: Frost & Sullivan

# Most Respondents Feel There is a Clear Trend in the Market Favoring Single Source for Clinical Systems

Q4 2010 U.S. Healthcare CIO Survey: Vendor Mix Trends

What are your feelings about industry trends in single source vs. best of breed for clinical systems?



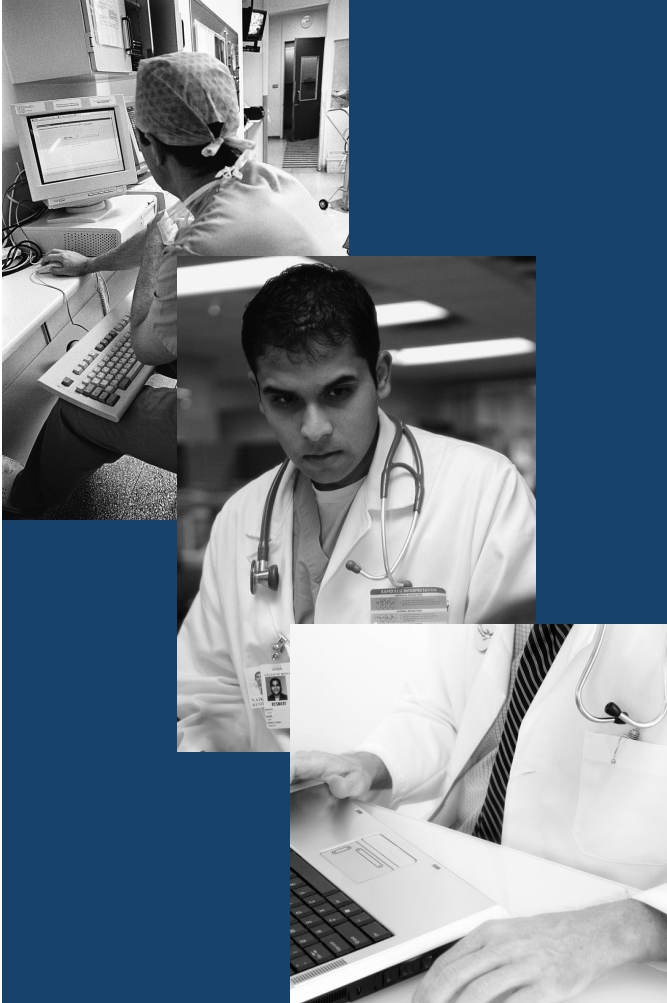
Responses (n=23)

Source: Frost & Sullivan

# EHR Implementation

## *Selected Respondent Comments*

### Q4 2010 U.S. Healthcare CIO Survey



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- *HIMSS stages don't necessarily respond to how IT implements EHR systems – Stage 7 level systems can be installed while you're still doing Stage 3 stuff.*
- *We usually see price increases when multi-year contracts are renewed. But we're not seeing any additional services from vendors for the added costs.*
- *Vendors' costs for investing in certification are passed on to us.*
- *Today, vendors know we have to do anything to get EHR systems in place because of stimulus funding and related deadlines.*
- *When we're in acquisition mode (e.g., acquiring other hospitals or physician practices), we want to reduce the number of vendors we have to deal with but this often isn't possible.*
- *Vendor capacity is a real concern – they can't deploy to all of us at the same time. Some of them are 3 to 4 years out with new customers. More and more vendors are using third party consultants sold under the vendor brand.*

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# Contact Details

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