AN INTERVIEW WITH

SHELDON I. DORENFEST

ON AMERICAN

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"THE NEED FOR BETTER HEALTH CARE INFORMATION SYSTEMS IN THE HEALTH CARE INDUSTRY"

Sheldon I. Dorenfest, C.P.A., M.B.A., is president of Sheldon I. Dorenfest & Associates, Ltd., in Chicago. He has been involved in the health care industry for more than 25 years and formed his company in 1976 to provide a variety of management consulting services to the health care field. He has since personally consulted with more than 200 hospitals in creating strategies for improving information systems. He conducted numerous education sessions on the state of the art in health care information systems in order to educate clients on the current state of the industry.

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We sent out Chuck Lauer, publisher of *Modern Healthcare*, to interview Sheldon Dorenfest, president of Sheldon I. Dorenfest & Associates, Ltd., leading consultants to the health care industry. Today they are talking about information systems in the health care industry.

Lauer: *Let's say I'm a CEO of a big hospital, or HMO, or whatever. I would come to you, and what would I ask you to do? Improve my information systems, or the flow of information, how would you do that?*

Dorenfest: Well, problems are very serious and the opportunities for improving information systems and improving quality of care by solving these problems are very large, so CEOs usually ask us to help them determine where they are at, how effective are their information systems, help them to sort out their goals and objectives, and to help them to determine where they want to go. Then we create strategies, schematics programs for getting the organization from where they are at to where they want to go.

Lauer: *Well, with everything that's going on today, then I would say that what you do actually is critical to the survival of a lot of health care institutions. Am I overstating it?*

Dorenfest: Much more critical than anybody even realizes, and people realize that there is a serious problem. The foundation of every health care organization is their order processing system. So all a hospital does is process a lot of orders for doctors and then they provide medications or lab tests, and so on, and then they give results, and all of that is documented in a medical record. So for those of you in the health care field, the next time you go into your hospital or organization, you should just take a record from the nursing station and look at it. If you thumb it, every piece of paper in that document is manual. If you go to the archives and take out a medical record from the 1960s and look at it, every piece of paper of course, will still be manual because it's the 1960s. If you look at the pieces of paper in both records, they are remarkably similar. So that even the manual information system has not changed much in the last 30 years.

Lauer: *In other words, a lot of your medical records are basically antiquated is what you are telling me.*

Dorenfest: Absolutely, and they are full of redundant information. Every piece of paper in the medical record is in at least one other file in the hospital and usually five or ten. So if you took an example of a medication order, a doctor gives that order to a nurse, the nurse may or may not post it to a requisition depending upon the system in use, makes an entry in a medication Kardex at the nursing station, makes an entry in the patient's chart, messengers or tubes it to the pharmacy, the pharmacist makes an entry in a profile at the pharmacy and an entry in an inventory control record, types a label, makes a notation on it for billing purposes, and it goes over to the billing system.

So people 30 years ago could see that if one could take that single order, communicate it to all the people that needed to know and update all the files that should be updated, that would be tremendously valuable. But still, in spite of that great opportunity, nothing has been done, so that while we've automated a lot, it's accomplished limited results and the automated systems in hospitals today are confusing rather than helping.

Lauer: *You know, is this where I get the term integration in information systems? I hear that term all the time. I have never quite grasped what that meant. What do you do, kind of blend together all the various systems that a hospital has?*

Dorenfest: Integration comes from the desire to blend together just as you have described. The way hospitals have approached automation, they have acquired software packages from a lot of different suppliers. These software packages have some of the same information in them and so hospital employees are required in present systems to enter the same data many times... Being able to pass data that is in one system to all of the other systems that...would reduce activity, transcription, and that would improve quality of care and reduce error.

Lauer: *Isn't that really what the so-called reform in a sense is all about? To take better care of the patient?*

Dorenfest: Well, that's one part of reform. So the first and most admirable goal of the reform program that's on the table is that some people who don't have access to health care insurance or can't afford it will now be insured, and that's an

admirable and proper goal for this country... People should have a minimum level of health care... In order to pay for insuring these 37 million more people, they are talking about a lot of possible cost reductions. I say possible because our country has doubled its percentage of gross national product allocated to health care in the last 25 years. And so, this is a major problem because we now spend 14% of GNP on health care and no other country in the world spends more than 9.5%. So we have a serious problem.

Lauer: *Now, when we talk about health care systems and the various types of things that can be done, what kind of health care systems are there? For instance, you have pharmacy programs, and you have nursing programs, etc. I get a little bit confused by all of that.*

Dorenfest: Well, the health care field is made up of a number of separate entities: acute-care hospitals that take care of the sickest people; physicians that see people both in their office and in the acute-care hospital; nursing homes that treat older people; behavioral health care facilities that treat substance abuse or psychiatric problems; home health care providers that treat people at home; and then a variety of other health care providers. Much of this operates separately today and the health care reform program is going to motivate integration of a group of non-owned providers who will work together to serve a group of patients in a geographic area. And that's going to be much, much better for the patient population, but these people will need to have access to patient information wherever the patient enters in this system.

Lauer: *Now of course my question is, because I've heard it discussed so frequently, what about patient confidentiality of their medical records? There are a variety of reform programs before the Congress right now, …but isn't that something that's going to be of a serious matter to a lot of people? They are raising the question anyway.*

Dorenfest: The issue of privacy and confidentiality has gotten a lot of attention in the last few years so that people are worried that as data is computerized the wrong people will have access to the data. But if you walk into a typical hospital today, the medical record for a patient is available to many, many people in that organization and the person who has the least

access to that record is the patient, and that is not good. So the confidentiality isn't good right now. In well-designed computer systems, security codes can be built in just like in an ATM to make sure that only the people who have the right to know can access that data. So that the computer will actually help confidentiality, rather than hurt it.

Lauer: *I think that a lot of people don't realize that that can be done, that there's a code and all that sort of thing. They feel that the government is going to have access to their various records, and I can understand why a lot of people are a little skittish about that.*

Dorenfest: And that may be possible, if the government has an access right, then they will have access, so anybody who we say should have access will have access. I think we need to give the patient more access to the data. It is hard for the patient to get data that they want to take from one physician or one hospital to another physician or another hospital.

Lauer: *OK, we have talked about hospitals, but of course as we know, the cornerstone of most of these programs, the term managed care, health maintenance organizations, and PPOs, and IPAs, and everything. Obviously, they are going to be systems that need information systems as well.*

Dorenfest: Right, the purchaser of health care is sometimes a managed care organization, sometimes an insurer. Now a managed care organization is somebody who tries to look at the people they are insuring and tries to manage the care for those people... Under that umbrella [there] are a variety of different ways that these organizations manage the care of the individual and so far the results of managed care have seemed to improve quality and reduce costs. The problem is that they have negotiated lower prices, because most of the health care organizations in the country are half occupied. So it's easy for them to use incremental pricing in pricing their services. If managed care goes to 100% of the population, it's not going to have the same impact on cost that it has when it only goes to 20% of the population. And so that is something that people need to be aware of.

Lauer: *So that could be a problem down the road.*

Dorenfest: Absolutely. And it could influence Bill Clinton's results when health care reform gets passed; he may not get the cost reduction he expects.

Lauer: *Oh, that's interesting. I've heard this discussed before, but I did not realize that that could be the end result. So that's fascinating.*

Now I'm a businessman and I'm listening to you talk about information systems. What benefit is all of this information system that you are doing in the health care arena going to do for me as a business guy, that's concerned about health care cost?

Dorenfest: Well, so the businessman is concerned about cost and quality. He wants to make sure that his employees get the best quality care and that he doesn't spend too much money doing it. So if you could take that medication order that I just described, if one could automate it, then it would eliminate redundant transcription, save time, and as a result, money. And because it eliminated redundant transcription, it reduced opportunity for error and as a result improved quality because there were less errors in the system. Presently, today one out of ten orders in the average large hospital is processed wrong. And so if we could make that 1 out of 100 or 1 out of 1,000, quality would automatically be improved.

Lauer: *Wouldn't a lot of the information that you are bringing about also be information, as a businessman I'd be interested in in terms of outcomes and things of that nature? I could make a better decision…,if I have that option, of choosing a provider.*

Dorenfest: Yes, if outcome data actually existed and it could be done on a comparative basis, that would help everybody to choose which providers had the best outcomes and where they wanted to send their insured people.

Lauer: *Sure. OK. Now, how do you feel about the health care, are you optimistic about the future?*

Dorenfest: Well, I am really somewhat pessimistic actually, because I feel like the next shot at reform will not accomplish the results and that cost will go up and quality will go down, and that's not good for our country when cost is already too high, and quality is already too low.

And I believe that that's going to happen, and then once it gets bad enough, we'll probably look at this problem differently and we'll eventually get results.

You know it's been fascinating chatting with you because you have such a tremendous reputation in this field, and I appreciate you taking time from your busy schedule to visit with us today.