The Case of the Disappearing Practice Management Software Vendor

BY ELIZABETH M. WERTZ, FACMPE

What would your group practice do if you got a phone call from your practice management software vendor informing you that they were ceasing business operations? This was the crisis that confronted Pediatric Alliance, PC in 1999. What we learned as we resolved our predicament offers valuable lessons in leadership for other physician organizations, particularly those that may be contemplating the selection of a new practice management system and vendor.

Established in 1996 through the merger of several pediatric practices in the Pittsburgh, Pennsylvania area, Pediatric Alliance is a 37-physician group practice (including specialists in allergy, asthma and immunology, and endocrinology as well as general pediatricians). The practice has 13 offices and a clinical and support staff of 197. In the afternoon on the day before Thanksgiving in 1999, our information systems (IS) coordinator received a call from our practice management software vendor with the unexpected news that the vendor was going out of business and would cease all operations in two weeks. Pediatric Alliance could continue to use the software, but it would no longer be supported. After recovering from the initial shock, the IS coordinator came to my office to break the news to me. As the practice's chief executive officer, I had to make a decision on when and how to inform the physicians and staff. Together with the IS coordinator, I decided to wait until after the Thanksgiving weekend.

WHAT WOULD YOUR GROUP PRACTICE DO IF YOU GOT A PHONE CALL FROM YOUR PRACTICE MANAGEMENT SOFTWARE VENDOR INFORMING YOU THAT THEY WERE CEASING BUSINESS OPERATIONS?

Since the software vendor had caught us completely off guard, I was prepared for reactions of intense anger and alarm on the Tuesday after the long holiday weekend. That was one of the basic reasons why I decided to communicate in one-on-one conversations. I started with the physician president of our organization and then went on to notify each of the seven physicians on the board of directors. I also spoke with the office managers from each division. I presented the information we knew at that point, allowed people to vent their frustrations, did my best to allay concerns, and outlined the immediate actions steps. Those included assessing our current information system capabilities and checking the inventory of our computer hardware.

Humor helped. I pointed out the good news: Pediatric Alliance would no longer have to wait for the vendor's long-promised (but never delivered) software bug fixes and resolution of financial reporting errors. The reality was that we still had to contend with inaccurate accounts receivable reports, a major

problem that our practice had been trying to resolve with the vendor for more than a year.

With unreliable accounts receivable reporting, physician and administrative staff concerns about data integrity, and the possibility that our practice might encounter new software problems which our own IS staff might not be able to manage, Pediatric Alliance decided to move quickly to find a new system. The search began immediately.

Finding a New Practice Management System

We determined that our practice did not have time for a lengthy, formal request-for-proposal process to find, evaluate, and select a new practice management system and vendor. We had to work quickly. I started by contacting administrators at other group practices in Pittsburgh and across the country to get advice and recommendations. I appreciated the camaraderie of my colleagues. Their empathy with our predicament and suggestions were extremely helpful. A few people had been in a similar situation and were able to share what had worked for them. For example, one colleague reviewed the problems his practice had encountered when transferring data from their old system to their new system. This advice helped us decide to start clean after we installed new software instead of transferring demographic data and insurance information from the old software program. Another administrator shared a list of systems they had evaluated along with a summary analysis of pros and cons. This information was very valuable, as it enabled us to rule out some vendors whose systems were not adequate for the size and complexity of our practice.

Our IS coordinator also formulated a list of must-have features and functions. And we solicited input from the physicians, office managers, and other staff as the need arose.

I must admit that our physicians and office managers were very nervous about the whole process and the real possibility that the current system might crash, leaving us to cope without support from the vendor. Managing their expectations and providing daily reassurance were just as important as the search for a new vendor. I communicated with them regularly by telephone, at meetings, and via e-mail.

KNOWING THAT WE WOULD HAVE LOCAL HELP FOR HARDWARE CONFIGURATION, SOFTWARE INSTALLATION, TRAINING, AND ONGOING SOFTWARE SUPPORT WAS IMPORTANT AND REASSURING TO OUR PHYSICIANS AND STAFF.

Four alternative systems were selected for review. We prepared comparative information on the vendors and systems and reviewed it at meetings with our quality improvement committee, finance committee, and the board of directors. The vendors conducted several demonstrations of their software to the committees and selected groups of other staff. The time constraints we were under imposed a sense of urgency and discipline to focus our software evaluation and comparisons on basic functionality, reliable reporting, ease of use, and scalability appropriate to the size and scale of our operations.

We selected MicroMD® from Microsys Computing, Inc., headquartered in Boardman, Ohio. It offered the basic features and functions we needed, and it was less expensive than our previous system. We concluded that we would be able to move forward with MicroMD with minimal disruption to our operations.

The availability of local technical support was an additional consideration in our selection of a new practice management system. The former vendor had been headquartered in Florida. Pediatric Alliance had been incurring substantial travel costs to bring software support staff up to our offices to work on various system problems, especially in regard to reporting. LANtek Medical Systems, one of the Pittsburgh area's largest providers of information technology for physician organizations, is a value-added reseller of MicroMD. Knowing that we would have local help for hardware configuration, software installation, training, and ongoing software support was important and reassuring to our physicians and staff.

Installation and Implementation

Pediatric Alliance signed a contract to purchase MicroMD in February of 2000. Installation was staggered, starting with the smallest office in March and finishing with the largest office in May. This strategy gave us an opportunity to address operational issues at each location and revise implementation processes as necessary. As each office went live with the new software, LANtek conducted training at Pediatric Alliance's main administrative office. They also posted technical support staff at each office for several days to assist with the transition to the new system.

Since the old vendor was out of business, and given the longstanding problems with their software and concerns about data integrity and reliability, Pediatric Alliance did not undertake a wholesale conversion of historic data from the old system into MicroMD. Instead, our staff devoted considerable time and effort, about two weeks per office, to manually entering patient demographic information before each one went live. In addition, a "balance forward" for any outstanding accounts receivable from the old system was entered into each account. In the central billing office, the old system was kept running on one computer for about 12 months

so that staff could access specific details about a "balance forward" when necessary. It was time-consuming and cumbersome. After a year, office staff printed out reports on remaining balance-forwards and finally shut down the old system.

MAINTAINING OPEN COMMUNICATION DURING A CRISIS DISPELS UNFOUNDED FEARS AND INSPIRES CONFIDENCE IN AN ORGANIZATION'S LEADERSHIP.

Practice Management Problems Resolved

What benefits has Pediatric Alliance realized from the practice management system we selected for our practice? This question is difficult to answer. Since the previous system was dysfunctional and the data so questionable, there were no reliable performance metrics upon which to measure performance improvements. What has been most important for Pediatric Alliance is that MicroMD works reliably and consistently and produces accurate data for managing the essential business operations of the practice.

Regular updates from Microsys proactively introduce functionality to manage new requirements as they emerge in healthcare, such as HIPAA compliance. In addition, they routinely include enhancements suggested by users. The ability to define and save report templates with automated queuing for regularly run reports is one such improvement. Double-clicking on a transaction for instant access to payments applied to specific line items has also proven to be a time-saver for the central billing office.

As of April 2006, Pediatric Alliance was moving forward on selecting and implementing an electronic medical record (EMR) system. We have been working for two years to undertake and complete initial

review of alternatives. The practice has selected three vendors as finalists, and we are planning site visits. We would not be in a position to even consider an EMR without having first improved the efficiency and effectiveness of basic business operations with MicroMD. Vendors' ability to integrate their EMR software with our practice management system is one of our basic requirements.

Lessons Learned

The response of Pediatric Alliance to the crisis of the disappearing practice management system vendor offers general lessons for leadership:

■ First, in any crisis, there is opportunity. If our incumbent vendor had not gone out of business, we might have continued to struggle along for a long time with a flawed system and its confounding data accuracy problems. Thus, the crisis presented Pediatric Alliance with the opportunity to resolve longstanding issues by selecting and implementing a new practice management system. It has improved our ability to manage our practice.

■ Trust your colleagues. In confronting any dilemma, it is useful to seek out advice from colleagues. Their perspectives and practical advice offer valuable guidance.

■ Trust and involve your staff. Enabling and encouraging clinical and administrative staff to take an active part in the resolution of a crisis is essential to finding the right solution. It also helps them develop and enhance their own capabilities.

■ Communicate consistently and thoroughly. Maintaining open communication during a crisis

dispels unfounded fears and inspires confidence in an organization's leadership. Some of the Pediatric Alliance staff initially jumped to conclusions and feared we could go out of business if the system crashed. Responding to the staff's fears required a large investment of time, but it was time well spent.

■ Objectively evaluate what went well and what could be improved in the management of any crisis. Seek to gain knowledge and share those lessons as well as the suggestions for improvements with the physicians and staff. For instance, we determined that we might have done a better job of planning for each potential outcome, especially a system crash.

Finally, based on the experience of Pediatric Alliance, we also have specific suggestions for group practices considering the purchase of a practice management system:

■ Longevity should be a consideration. Look for vendors that are established and stable and have a proven track record in the industry.

■ Be explicit on the practice's goals. Then focus software evaluation and comparisons on the essential features and functions related to priority goals. For example, for a practice that intends to grow and add new offices, a scaleable technology platform is critical.

■ Site visits offer helpful insights. Going to see systems up and running in comparable physician group practices is useful. In addition, site visits are a good way to involve and engage your staff.

■ Know the source of initial implementation services and ongoing

technical support. No software is perfect. With any software system, there will be problems that need to be diagnosed and solved. It is essential to understand who will be responsible. And since new requirements will surface, make sure that you are confident in the vendor's ability to update its software.

■ When you purchase a practice management system, you are not just buying software but entering into a relationship with the vendor. So, carefully consider total costs of ownership. That includes annual maintenance to keep the software up-to-date.

■ Pay close attention to relationships developed during the sales process. How a vendor and its representatives deal with a group practice during the sales process is a good indicator of how they will treat you after the sale.

Elizabeth M. Wertz, FACMPE, is chief executive officer, Pediatric Alliance, PC.