

e-Healthcare Market Reporter

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Readers:

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Vol. III, No. 11

January 2002

First Issue of the Month

Looking Ahead in E-Health, and Lessons Learned from 2001

Adios 2001, hello 2002. And the question on everyone's minds in e-health is: what will the new year bring?

The answer, in a word, is change.

The staff of *e-Healthcare Market Reporter* recently conducted an informal survey to determine industry viewpoints regarding what the hot topics of 2002 will be, and what the memorable moments of 2001 were. The answers to these questions, and more, follow.

How did 2001 Compare?

The survey indicated that 2001 was a rough year for the e-health industry. The rising cost of medical care combined with overly high expectations and the dawning of the magnitude of the Health Insurance Portability and Accountability Act (HIPAA), all contributed to lower-than-expected outcomes for the industry overall.

Factor in the catastrophic events of Sept. 11, and you get a very bleak picture indeed.

One respondent said, "2001 was not better for my company than the previous year as a result of the slow-down in the economy and the results of 9/11."

Another respondent noted the high number of e-health companies that went out of business, saying, "A majority of companies in the industry simply no longer exist."

Yet another respondent said "unrealistic expectations" had a detrimental effect, especially after the events of Sept. 11.

What Will You Remember?

When asked what the most memorable aspects of 2001 were, results varied.

One respondent cited the stress of changing business in a new world. Another simply said, "Sept. 11, 2001," while another respondent noted, "healthcare cost increases and searching for a new means of attacking this — without falling prey to consultant hype."

Additional comments included: "I will remember lots of turmoil for publicly traded e-healthcare companies and failing dot-bombs. I will also remember pharmaceutical's push into e-health," and "the lack of funding available."

Still, there is sunshine above even the darkest cloud, and the optimists of 2001 added their voices to the crowd, saying, "2001 was better than 2000 for our company. We maintained great relationships with our clients and worked on solutions to their problems successfully." Another said, "We are much better run and more focused."

The Year Ahead

The survey indicated that HIPAA, falling market value in the face of rising healthcare costs and

recognizing and capitalizing on the business opportunities that surface, are at the forefront of the minds of e-health executives for the year 2002.

They also anticipate that the launch of solutions to address sweeping changes in the industry, such as HIPAA; the integration of e-health with health; and security on and off the Web, will be the hot topics of the year ahead.

One respondent said, "I foresee lots of continued innovation and the launch of exciting new solutions that will address major concerns."

Another asked, "Will e-health move forward beyond its current brochure-ware state and become a major player in healthcare?" Yet another respondent said "e-health [alone] will no longer exist."

Address: Health Resources Publishing, 1913 Atlantic Ave., Suite F4, Manasquan, NJ 08736; (732) 292-1100, www.healthresourcesonline.com.

Editor's Note: The staff of e-Healthcare Market Reporter is grateful to those readers who responded to our survey regarding these issues. Your information was valuable and insightful, and we appreciate your comments. Thank you for your participation and continued interest.

"E-health [alone] will no longer exist."

Keeping Watch: How Clinicians Can Use Technology To Keep An Eye on Medication Delivery

Can technology act as a patient's guardian angel? E-health experts seem to think so.

According to a recent study, as many as 98,000 hospital patients die each year as a result of medication errors — but experts are convinced that advanced technology can put a stop to this problem.

The issue has become so prevalent within the industry that the State of California Department of Health and Human Services (DHS) recently issued guidelines for general acute care hospitals, surgical clinics and special hospitals to comply with Senate Bill

1875 by adopting a formal plan to eliminate or substantially reduce medication-related errors by early 2002.

The November 1999 Institute of Medicine's (IOM) report, "To Err Is Human: Building A Safer Health System," noted that approximately one-half of adverse events resulting from medical errors could have been prevented. The report went on to say that preventable adverse events are a leading cause of death in the United States, and exceed deaths attributable to motor vehicle accidents, breast cancer or AIDS.

Reader Response: E-Health Topics of Interest

Recently, the staff of e-Healthcare Market Reporter conducted a survey that asked readers what they wanted to see in upcoming editions of the newsletter.

Following is a list of reported “topics of interest”; and our editorial New Years’ resolution will be to make sure our readers receive the pertinent news and information they asked for.

Topics include:

- | | |
|--------------------------|--|
| ★ Current issues; | ★ Problem solving; |
| ★ New business ventures; | ★ Strategic moves; |
| ★ Collaborative efforts; | ★ Building revenue with limited resources; |
| ★ Contracts awarded; | ★ New products and product upgrades; and |
| ★ Web site launches; | ★ More special alerts and/or reports. |

Address: Health Resources Publishing, 1913 Atlantic Ave., Suite F4, Manasquan, NJ 08736; (732) 292-1100, e-mail rmccallister@healthrespubs.com.

So, why aren’t hospitals doing more to prevent these kinds of “preventable” deaths? According to Richard Saxon, R.Ph., MICROMEDEX senior product manager, a provider of knowledge-based information for healthcare, technology still has a long way to go before clinicians will adopt systems with the potential to prevent medication errors from occurring.

“Clinicians have rejected the technology so far,” he said. “They won’t adopt anything that involves more work or requires what they consider to be irrelevant information.”

Saxon went on to say that clinician “technophobia” usually affects older clinicians, but younger clinicians can pose an even bigger problem.

“They consider themselves to be ‘technosavvy’ by comparison, and they have strong ideas about how things should be done, which creates a whole different set of issues,” he said.

Yet, for technological solutions to be adopted in the industry, clinicians need to be sold on the idea first.

“Clinicians are gatekeepers,” Saxon said. “The message has to be that the system is easy to use. They have to know that there is no work station involvement. Hospitals have dozens of departments, and doctors don’t want to have to visit each station.”

However, Saxon noted, a new system has recently reached the market that could “rise to the surface and overcome the technical hurdle” — PatientGuard, a product of Catharsis Medical Technology.

A Change of Focus

Catharsis founder and president Elizabeth Mroz never dreamed she would be designing technology systems, but after a near-death experience resulting from a medication error almost cost Mroz her life, she decided something had to be done.

“I formed Catharsis knowing that we could save lives if we could develop a bedside system that could check the drugs being infused into patients,” she explained.

“This is a grave problem within the medical community and a solution needs to be found. Especially

“Approximately one-half of adverse events resulting from medical errors could have been prevented..”

these days, when hospitals are so short-staffed," she said. "Medical delivery is such a huge process with many steps that have so much room for error."

Saxon called the problem of medication-related errors within the industry "catastrophic," and noted that death can often be "instantaneous."

The PatientGuard System

According to Mroz, the PatientGuard system gives busy doctors and nurses a safer way to administer medications. Integrated with drug and dosing information provided by the UltiMedex Suite by MICROMEDEX, PatientGuard verifies the accuracy of medication before each drug hits a patient's vein. UltiMedex contains interactive modules focused on checking dosages and making recommendations based on patient age, weight and gender.

Specifically, the system demonstrates how well a patient will eliminate a drug once it is in his or her system and whether or not a drug is going to hurt the patient for whom it is intended. It also indicates the correct amount of medication to use, Saxon explained.

"It's a content-drug-information vehicle," he said.

Mroz noted that her background as a clinician has helped her in the complicated world of healthcare technology, where practicality is not always considered in the excitement of creating a new product.

"I don't have an IT background, but I can tell a technologist what a clinician will and will not use," she said, adding the PatientGuard underwent many production phases before both sides were satisfied with its performance and ease-of-use.

Saxon noted, "From a clinician's perspective, PatientGuard's method of deployment really makes sense."

Costly Mistakes

The IOM report noted that while medication errors do not always end in death, those that do are costly.

It continued, "One recent study conducted at two prestigious teaching hospitals found that about two out of every 100 admissions experienced a preventable adverse drug event, which resulted in average increased hospital costs of \$4,700 per admission or about \$2.8 million annually for a 700-bed teaching hospital."

According to Catharsis, that translates into adverse drug events costing \$41.25 per day per critical-care bedside — without taking into consideration either the legal costs or high personal costs associated with an adverse drug event.

ROI Not Strictly Monetary

According to Mroz, the system's return on investment (ROI) has yet to be determined, but there are other more valuable benefits that "can't be measured on paper."

"[Using the system] could result in saving someone's life, or saving someone from years of recovery from something that shouldn't have happened in the first place," she said. "When you or someone you love is sick, you can't be solely responsible for making sure the care received is correct. Things happen that are out of your control, and things like medication errors shouldn't have to be a concern."

She continued, "I'm going to continue to push hospitals to adopt technological solutions for this problem, and continue to fight for industry standards so that this problem is eliminated."

According to Mroz, PatientGuard is being evaluated in a research project at Mayo Foundation for Medical Education and Research at Saint Mary's Hospital in Rochester, Minn.

Addresses: Catharsis Medical Technology Inc., P.O. Box 662, Moulton Boro, NH 03254; (603) 253-7274. MICROMEDEX, 6200 S. Syracuse Way, Suite 300, Greenwood Village, CO 80111; (800) 525-9083.

AHA Partners To Streamline Information Systems Nationwide

To facilitate better use of its member-hospital's communication systems, the American Hospital Association (AHA) has formed a partnership with Quest Communications International, a provider of broadband communications.

According to officials, AHA and Quest will build a healthcare portal for use by AHA members and the healthcare field.

Web Sites Receive URAC Accreditation

The nation's first health Web sites to attain independent quality accreditation were announced last month by URAC, the Washington D.C.-based accreditation organization.

Accredited Web sites included:

- WebMD;
- WellMed;
- IntelliHealth;
- The Health Insurance Association of America (HIAA);
- Healthwise;
- Healthyroads.

The URAC Health Web Site Accreditation Program Standards, released in July (*see second issue, August*), are based on a 14-point set of principles by Hi-Ethics, made up of standards for consumer protection, according to URAC.

"[This] is a major step forward for consumers," said Garry Carneal, URAC president and CEO. "URAC accreditation provides them with an important tool to identify health Web sites that meet tough standards for quality."

Address: URAC/American Accreditation Healthcare Commission, 1275 K St. NW, Suite 1100, Washington, DC 20005; (202) 216-9010, www.urac.org.

Additionally, they said, to help create a common technology infrastructure nationwide, AHA has endorsed Quest as the network service provider of choice for its more than 4,600 member hospitals and related organizations.

AHA explained it wanted to spur the adoption of such technology among its members because it recognized the need for enhanced network infrastructure. AHA's endorsement of Quest will help the nation's hospitals and other healthcare providers in choosing a communications company capable of helping hospitals enhance patient care and improve operational efficiencies, AHA said.

HIPAA Help

The AHA noted it also plans to work with Quest and other technology companies to help healthcare providers with the sizable technology requirements of the Health Insurance Portability and Accountability Act (HIPAA).

"It has become evident in today's challenging healthcare environment that technology will provide key solutions to some of the regulatory, financial, clinical and administrative pressures that impact our members," said Neil J. Jesuele, executive vice president of AHA. "This agreement with Quest is a key first step for AHA in helping provide enhanced solutions for our

members to use current and future technology solutions, with the ultimate goal of improving patient care."

Building a Portal

The AHA will engage Quest and some of its industry-leading partners such as Sun Microsystems, to design, develop and host a portal from which information, best practices, research, educational materials and leadership tools will be accessible, AHA said.

Officials noted that the portal will provide a place for convening healthcare leaders through chat rooms, house new easily accessible technology applications for improving operational efficiencies, and make available products and services through e-commerce.

"It has become evident in today's challenging healthcare environment that technology will provide key solutions to some of the regulatory, financial, clinical and administrative pressures that impact our members."

“We’re thrilled to work with AHA as it uses broadband technology to streamline processes within its own membership, and throughout the healthcare community,” said Joel Arnold, executive vice president, global business markets for Quest.

For more information about the AHA portal or the AHA/Quest Network Solutions visit:
www.ahafinancialsolutions.com.

Address: The American Hospital Association, 327 Seventh St. NW, Suite 700, Washington DC 20004; (202) 626-2284, www.aha.org.

Computerized Maps are Latest Weapon in Battle Against Disease

Can the Internet fight disease? Indirectly, yes.

Fever, fatigue, sore throat, muscle aches, runny nose and an all-over feeling of misery. It’s that time of year again — when influenza and other sicknesses rear their ugly heads, leaving everyone at risk.

However, there is an even greater threat this year according to health officials. Many other diseases start with flu-like symptoms, and distinguishing the differences can be difficult. That is why it has become a huge concern for public health systems and experts to track outbreaks of infectious diseases.

In addition to breathing masks and antibiotics, computer software technology is being used to fight the spread of such diseases.

Catching “Bugs”

Companies like Seattle-based E-City Software Inc. have developed computer mapping products that help city and state health departments with the fight.

E-City’s product, called 3D HealthMap, allows anyone in a city, including doctors, public health workers, receptionists, schools and members of the general public to track disease information in real-time in an accessible format, according to company officials.

“Mapping-based public health tools are essential in the public health arsenal, which is why the health departments of all 50 states have software from our

business partner, ESRI, which allows them to track diseases using computerized maps,” says Anis Jessa, E-City’s CEO.

She continued, “Up until now, these tools have only been available to a handful of computer mapping professionals hired by each health department. With 3D HealthMap, anyone anywhere can access the powerful information and data contained in these systems and obtain easy-to-use information to help prevent diseases.”

For example, officials said, a family with young children could click on their neighborhood and find out how many kids in their area had the flu that season or even that week.

“This could help them make a more-informed decision about flu shots,” said Jessa. “Powerful information about other more serious diseases could be tracked, gathered and disseminated through this tool.”

Address: E-City Software Inc., 1201 First Ave. S, Suite 330, Seattle, WA 98134; (206) 624-8087.

National Directory of Medical Directors Now Available

E-health professionals looking to research the names of top physician executives at organizations nationwide have a new resource: The National Directory of Medical Directors on CD-ROM.

This electronic database from the Managed Care Information Center includes listings of more than 1,600 medical directors at the nation's leading managed care organizations (HMOs, PPOs and specialty MCOs), as well as 585 medical directors of such physician organizations as physician hospital organizations (PHOs) and independent physician associations (IPAs).

In addition to such contact information as name, address, phone and fax numbers, you'll get such details as enrollment data on the number of lives covered by the medical director's organization; type of organization; and the number of primary care physicians and specialists in the organization. Names can be sorted by state, plan type, company name, etc.

In addition, the database file can be imported into your favorite desktop application, including Access, Excel, Fox Pro or your customer relationship management program.

The National Directory of Medical Directors on CD-ROM is available for a limited-time price of \$1,495. For more information, contact The Managed Care Information Center, Dept. 240102, P.O. Box 559, Allenwood, NJ 08720; (888) 843-6242, fax (888) 329-6242, priority@themcic.com, www.themcic.com.

Strategic Partnerships

Buying short-term health insurance more easily is the goal behind a new partnership agreement between CPIC Life Insurance Company, a wholly owned subsidiary of Blue Shield of California, and eHealthInsurance.

Through the agreement, eHealthInsurance will offer CPIC Life's short-term health insurance online.

* * *

Blue Cross and Blue Shield of Illinois (BCBSIL) and RealMed Corporation (www.realmed.com), a multi-payor, real-time claims resolution and settlement technology provider, formed a three-year integration and services agreement.

According to the terms of the agreement, RealMed has integrated its technology with BCBSIL's BlueChip claims processing system, and both organizations will

collaborate to fully deploy RealMed Health, which offers point-of-service claims resolution, to Blue Cross members and providers in Illinois. In addition, both companies have agreed to jointly develop new e-commerce opportunities to better serve healthcare practices and patients.

* * *

A newly formed partnership between Metic Computer Systems (www.metic.com) and Physcape (www.physcape.com) aims to assist physicians and medical practices to enhance revenue and efficiency.

Physcape, an Internet-accessed subscription service provider, and Metic, a practice management, electronic medical record, homecare and e-commerce vendor, formed the partnership to increase efficiency and enhance the bottom line for physician practices.

* * *

VantageMed Corp. (www.vantagemed.com), a provider of healthcare information solutions, and Preferred Physicians's Transcription (PPT), a supplier of transcription services formed a partnership to market combined products.

The combined products offer physicians a cost and time efficient method to bring together high-quality transcription services, computerized medical records (CMR) and comprehensive voice capture systems and services.

Under the agreement, the companies will co-market their complementary products and services, providing physicians with the most efficient way to take advantage of new healthcare information technologies.

Product Upgrades

Park City Solutions (www.parkcitysolutions.com) introduced a new version of the company's emPOWERnet Web technology that provides a platform to address e-health infrastructure. emPOWERnet allows applications to communicate and share data over the Internet, regardless of operating space or programming language.

The 2.0 release of emPOWERnet enables Park City to provide healthcare clients with a Web operating system that can act as a health portal manager. The product allows clients to manage and share specific applications and content across a portal-enabled enterprise.

Health Care Financing Administration (HCFA), awarded the task order under the Program Safeguards contract.

Contracts Awarded

Computer Sciences Corporation won a task order from the Centers for Medicare and Medicaid Services (CMS) to help improve the accuracy of information about Medicare beneficiaries residing in nursing homes or those receiving homecare.

The estimated value of the cost plus fixed fee task order is \$25.9 million over a three-year period if all options are exercised. CMS, formally known as the

New Products

PracticeProfiler, the first module in a series of Web-based practice management applications called PerformanceMarkerMD, was released recently.

Provided by Physcape (www.physcape.com), a Medical Group Management Association (MGMA) services company, PracticeProfiler allows practices to compare their coding and procedure usage to practices similar in scope, size and location to find ways to optimize revenue without compromising standards of care.

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