



NEWSFLASH

eClinicalWorks Lands \$19.8 Million EMR Contract with New York City

Healthcare Provider IT Strategies

#HI206674

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NEWS UPDATE

This Health Industry Insights NewsFlash discusses the April 16, 2007, announcement by eClinicalWorks of Westborough, Massachusetts, that it has been selected by the New York City Department of Health and Mental Hygiene (NYCDHMH) to incorporate eClinicalWork's integrated practice management (PM)/electronic medical record (EMR) system as a key component of Mayor Michael Bloomberg's Primary Care Information Project (PCIP).

OUR VIEW

The Bottom Line

PCIP is a major New York City–sponsored initiative, the goal of which is to upgrade the healthcare delivery system that provides primary care services to the city's neediest communities. The initial deployment for PCIP will support 1,300 physicians in four provider groups in New York City: community health centers, small primary care practices, those providing healthcare services in correctional facilities, and primary care physicians located within municipal hospital facilities. Physicians and patients alike will also have access to eClinicalWorks' Patient Portal to improve the continuity of care, encourage information sharing among the physicians, and facilitate collaboration between the physicians and patients in order to engage the patients in more effective medical management.

The selection of eClinicalWorks by New York City was the culmination of a hotly contested competition that attracted virtually all of the major players in the ambulatory EMR space. The award is the latest in a series of impressive, substantial wins by this upstart, privately held firm that prides itself on its ability to successfully sell against much larger competitors despite a minimalist marketing philosophy and no field sales force. Instead, eClinicalWorks relies on word of mouth, Web-based remote demos, consistently high customer ratings, a portfolio of industry awards from both KLAS Enterprises (a vendor rating service) and the Medical Records Institute (a leading



professional society), attractive pricing, and its ability to read the market. Since its formation in 1999, eClinicalWorks has flourished, enjoying year-over-year revenue increases that have consistently exceeded 100%. Although privately held, the firm reports that its annual revenue has grown from \$18 million in 2005 to \$40 million in 2006, and it projects 2007 revenue of approximately \$60 million.

In just the past two years, eClinicalWorks has landed an impressive list of other clients as well. These include the Memorial Hermann Health Network Providers (MHHNP), whose 1,300 physicians make up the largest network of independent physicians in Texas; Community Health Centers Inc. (CHC), the largest operator of independent, federally qualified health centers (FQHCs) in Connecticut; and the Community Care Network of Virginia (CCNV), a statewide network that includes all of the FQHCs in Virginia, as well as private physician practices and a variety of other safety-net providers. Aided by federal subsidies not available to hospitals and private physician practices, the more than 3,000 FQHCs in the United States represent a very active segment of provider organizations seeking to acquire EMRs. eClinicalWorks' relatively low pricing, breadth of functionality, established client base in this market segment, and demonstrated ability to meet the unique reporting and compliance requirements of FQHCs mandated by both the federal government and the local state Medicaid authorities have made it an attractive choice.

eClinicalWorks has also established a successful track record in selling to what are essentially "buying cooperatives" that represent a large number of small, independent private practices. These include three notable wins in Rhode Island, Oregon, and Massachusetts. The Rhode Island contract was with a consortium of 125 independent physician practices named Electronic Health Records of Rhode Island (EHRRI). The Oregon contract was with Central Oregon Electronic Medical Records (COEMR), the IT services subsidiary of the Central Oregon Independent Practice Association, which represents about 600 private-practice physicians.

But perhaps the most highly visible and most widely publicized of the three was eClinicalWorks' selection as the vendor of choice for the pilot deployment of communitywide EMRs in three Massachusetts communities (Brockton, North Adams and Newburyport), representing approximately 200 private practices. The selection and implementation was sponsored by the Massachusetts e-Health Collaborative (MAeHC) and underwritten by a \$50 million grant from the Blue Cross Blue Shield of Massachusetts (BCBSMA) Foundation. As in the case of New York City, this award was also the result of a hotly contested and highly visible competition that attracted all of the major ambulatory EMR vendors. But what was particularly interesting about this competition was that BCBSMA subsidized the purchase, implementation, and start-up operating costs, effectively neutralizing the importance of price as a key factor in the physicians' decision

process. Despite the diminution of eClinicalWorks' price advantage, over 90% of the participating physicians selected the company over six other finalists based on functionality, ease of use, and other non-economic factors.

Essential Guidance

eClinicalWorks boasts a complete range of fully integrated practice management and EMR functions, a patient portal, support for wireless tablets and PDAs, eprescribing, a SQL database, an XML architecture, and a browser-based "smart" client. eClinicalWorks also offers clients the option to run the software under an application service provider (ASP) model, which is an ideal architecture for implementation by the evolving buying cooperatives, the physician members of which are often reluctant to rely on themselves or their office staff to independently operate such sophisticated technology. Regardless of the operating model chosen, installation and training generally takes less than two weeks. But perhaps eClinicalWorks' biggest selling point is its purchase price: \$10,000 for the first physician and \$5,000 for each additional physician in the practice, exclusive of hardware, while ASP clients pay a similarly attractive recurring monthly fee.

Statistics show that 60% of all medical encounters in the United States annually occur in office practices made up of one to three physicians. Yet, these solo and small practices have the lowest level of IT penetration and are the most price sensitive and technology averse. The relatively low level of EMR adoption among these practices, where estimates range from 5% to 10%, is seen as a key impediment to the realization of the Bush administration's goal of a personal electronic health record for every American by 2014.

If the federal goals are to be realized by 2014, or ever, the crucial battle will be fought on this front. Vendors like eClinicalWorks may just turn out to be the secret weapon. Competitors and new entrants seeking to increase their market share in the largely untapped low end of the provider market would do well to understand, and emulate, the strategies that have made eClinicalWorks so successful.

LEARN MORE

Related Research

- *Healthcare Provider IT: 2007 Spending Priorities* (Health Industry Insights #HI205327, February 2007)
- *Healthcare Provider IT: A 2006 Year-End Retrospective and Outlook for 2007* (Health Industry Insights #HI205158, January 2007)

- *U.S. Health Industry 2007 Top 10 Predictions* (Health Industry Insights #HI204993, December 2006)
- *CCHIT Announces First Set of Certified Ambulatory EMR Vendors* (Health Industry Insights #HI202647, July 2006)
- *U.S. Electronic Health Records Spending 2006–2015 Forecast and Analysis* (Health Industry Insights #HI202444, July 2006)
- *Electronic Medical Records and Electronic Health Records Defined* (Health Industry Insights #HI202322, June 2006)
- *Electronic Personal Health Records: A Survey of Consumer Attitudes and Usage* (Health Industry Insights #HI201461, May 2006)

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