

Problems found in UC Davis records project

Audit alleges no wrongdoing

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Setting up UC Davis Health System's electronic medical records system has cost more and is taking longer than expected. Some financial reporting on the project was sloppy, but management followed university policy on hiring consultants.

A far-ranging new audit of the program, released last month, also concludes there's nothing to show why existing staff was not assigned to do what the university paid outside consultants \$17 million to do.

The audit recommends the health system tighten oversight of the program and enact a policy that requires an evaluation of internal technical staff before engaging outside help.

The project to convert paper files to computer ones, started in 2002, was initially projected to be completed by late 2006 and cost \$76 million. It's half done at a cost so far of \$85 million, including overall development of the system and other ancillary projects.

"One of the recommendations is



Ann Rice

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tighter oversight, and we have gone about implementing that already," said new university medical center chief executive officer Ann Rice, who took over the top job in October after most of the consultants had come and gone.

"Before we hire a consultant to work on the project, we have an internal process to determine if anybody internally can do it," Rice said. "In the past, it was based on the opinion of people closest to the project, with no formal program to document it or check with others. We have also added people to the oversight group and require better (documentation) on how decisions are made."

An earlier audit of consultant expenses for the project, released last April, identified about \$1,300 in inappropriate payments for fitness club dues and printing expenses. Although that's a small amount of money on a \$17.3 million contract with Deloitte, the audit raised enough questions about oversight of the project to prompt former hospital CEO Bob Chason to call for a wide-ranging look at overall management of the program.

HARDER THAN IT LOOKS

The new audit does not evaluate the work produced by the outside consultants, prompting critics to question whether the university got its money's worth.

Rice suggests otherwise. "Consultants were engaged to help re-view work flow so we would be ready to be computer-based instead of paper-based, a very drastic alteration of how hundreds, even thousands, of people do their work on a daily basis," Rice said. "Things are going much smoother now. Is that because of consultants' work on the work flow? Most likely. This (process) is a lot harder than it looks."

Others agree about the hard part. "Adoption is very difficult because this is so complex," said Richard Rydell, president and executive director of the Association of Medical Directors of Information Systems, a trade group based at Lake Almanor. Healthcare information systems are "probably the most difficult information systems to do," he said.

Kaiser Permanente, the dominant healthcare system in Greater Sacramento, is embroiled in an internal controversy over its own information technology system.

A whistleblower sent an e-mail to more than 150,000 Kaiser employees late last year alleging the company's program was in turmoil and could lose as much as \$7 billion in the next two years if changes aren't made. Company CEO George Halvorson responded in a lengthy e-mail that applauded Kaiser's \$3.2 billion electronic medical record system and said the loss figure would have been real if Kaiser

didn't cut expenses, which he said it has. Cost overruns are common because it is so difficult to get providers on board and trained to use the new system. Cookie-cutter programs don't work because every hospital has unique needs, Rydell said, so many health systems turn to consultants for help.

"Some are better than others," he said, adding it makes sense to hire someone who has expertise in the specific information system that will be used.

"A high-level consultant just working for a consulting firm is a waste of money," he said. "But one with hands-on experience is not a bad idea. You don't want to be a pioneer in the trenches."

Deloitte was selected for the UC Davis job following a competitive bidding process that involved three other companies, including one that specifically focuses on knowledge of health information technology, sources say.

MORE TO COME

Four electronic medical record projects at UC Davis were implemented and four more were in the works by June 2006, the audit shows.

The first phase of system has been up and running at all 17 UC Davis primary-care clinics in the region since November 2005. It went "live" in portions of the region's busiest hospital in April 2006.

Dr. Tom Tinstman, who was hired by

UC Davis in 2001 to head up the program, resigned in January, just as a new, 18-month phase was about to begin. Several other tasks are pending after this phase ends in mid-2008.

Tinstman stepped down at age 61, saying what was coming will take longer than he wants to work. Both Tinstman and Rice stressed his departure mid-stream had nothing to do with the new audit, then still under review by university management.

Reached by cell phone this week on his way to pick up fly-fishing supplies before heading to the American River for the day, Tinstman applauded UC Davis for spending the money to go electronic. He's not going to pursue another full-time job, he said, and, for now at least, he plans to stay in Sacramento.

The total cost of the new work plan for the project, from July 2006 through June 2008, is estimated at \$23 million, UC Davis spokeswoman Bonnie Hyatt said. The cost includes other ancillary systems and on-going maintenance, she stressed.

This next stage will bring technology upgrades and extend the electronic program to specialty clinics. Still pending about 18 months out are a further extension of the system and a kick-off of new functions such as online care plans.

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