



Highlights of [GAO-04-224](#) a report to the Minority Member, Committee on Health, Education, Labor, and Pensions, U.S. Senate

INFORMATION TECHNOLOGY

Benefits Realized for Selected Health Care Functions

Why GAO Did This Study

The rapidly rising costs of health care, along with an increasing concern for the quality of care and the safety of patients, are driving health care organizations to use information technology (IT) to automate clinical care operations and their associated administrative functions. Among its other functions, IT is now being used for electronic medical records, order management and results reporting, patient care management, and Internet access for patient and provider communications. It also provides automated billing and financial management.

The Ranking Minority Member of the Senate Committee on Health, Education, Labor, and Pensions asked GAO to identify cost savings and other benefits realized by health care organizations that have implemented IT both in providing clinical health care and in the administrative functions associated with health care delivery. GAO analyzed information from 10 private and public health care delivery organizations, 3 health care insurers, and 1 community data network.

What GAO Found

The 10 health care delivery organizations reported 13 examples of cost savings resulting from the use of IT, including reduction of costs associated with medication errors, communication and documentation of clinical care and test results, staffing and paper storage, and processing of information. Other benefits included improved quality of care, more accurate and complete medical documentation, more accurate capture of codes and charges, and improved communications among providers that enabled them to respond more quickly to patients' needs. A few examples are noted in the chart below.

Examples of Cost-Related and Other Benefits Reported by Health Care Delivery Organizations and Insurers

Cost-Related Benefits	Other Benefits
Clinical Care Functions	
A teaching hospital reported that it realized about \$8.6 million in annual savings by replacing outpatient paper medical charts with electronic medical records.	An integrated health care delivery system reported improvements in diabetes control for its members with the disease.
A rural community hospital prevented the administration of over 1,200 wrong drugs or dosages using bar code technology and wireless scanners to verify both the identities of patients and their correct medications.	A teaching hospital reported a decrease in average length of stay from 7.3 to 5 days due to improvements in health care efficiency and practice changes.
Administrative Functions	
An integrated health care delivery system reported a 53 percent decrease in claims rejected due to eligibility checks during registration.	An insurer reported that it improved clinical care to its members through its health screening reminders.

Source: GAO.

All three insurers reported examples of reduced costs and other benefits resulting from improvements in electronic claims processing and the use of technology to enhance customer service. Benefits included increased staff productivity, improved timeliness in processing claims, improved customer satisfaction, and improved clinical care to members.

One community data network established a regional exchange of health care data among physicians, hospitals, insurers, and others in the community, demonstrating that information can be exchanged securely and affordably while improving the quality and reducing the cost of health care. It expects to realize over \$7 million in benefits for participating organizations. Other expected benefits include fewer admissions to the emergency department, reductions in staff time spent handling test results, and avoidance of test duplication.

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To view the full product, including the scope and methodology, click on the link above. For more information, contact David Powner at (202) 512-9286 or pownerd@gao.gov.