



AMERICAN OSTEOPATHIC ASSOCIATION

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**Statement of  
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**Presented to the  
Committee on Small Business  
U.S. House of Representatives  
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Chairwoman Velazquez, Ranking Member Graves, and members of the Committee, thank you for the opportunity to testify before you today. As an osteopathic physician board-certified in family medicine, a health information technologies consultant, and a member of the American Osteopathic Association, I have witnessed first hand the challenges facing our nation's physicians as pressure mounts for these practices to implement HIT systems in the coming years. Clearly, the incentives offered through the HITECH Act beginning in 2011 and the subsequent threat of penalties beginning in 2015 are expected to encourage many physicians to adopt electronic medical record systems. However, from my experience and that of most research, I find that the biggest stumbling block to EMR implementation for many physician practices is financing. For this reason, we wish to express our strong support for H.R. 3014, the "Health Information Financing Act of 2009."

The AOA represents 67,000 osteopathic physicians across the country. Our profession is unique in its focus on primary care, with approximately 60% of osteopathic physicians entering this field, the

vast majority of whom practice in community-based settings. However, inequities in our current Medicare payment system have resulted in onerous financial burdens for these physicians, whose practices generally operate with one to six employees. While our members are eager to adopt more streamlined administrative and clinical systems, narrow profit margins and high overhead hinder investments in new innovations and health information technology. Many of these systems require a considerable amount of capital to purchase: the average cost to install an EMR system is \$32,000 per physician (according to an MGMA study)<sup>1</sup>. Other studies have placed this cost much higher.

The funds provided in the American Recovery and Reinvestment Act earlier this year offer financial incentives that will facilitate the implementation of these systems. Because these incentives come on the back-end however, smaller practices are at a significant disadvantage. Under current law, we believe that the bulk of stimulus funds are likely to flow toward hospitals and larger specialized practices, ultimately making the rich richer while small practices work to build up the funds and infrastructure necessary to qualify. With the timeline established through ARRA, it is our belief that only a small minority of small physician practices will qualify for the 2011 bonus. Additional government support including the loan program in your legislation would level the playing field, enabling and encouraging many more small practices to implement electronic medical record systems.

As you well know, the economic crisis in this country has hit small businesses particularly hard. Solo and small practices in the past often turned to home equity loans to fund business investments. With the current credit crunch access to these loans are also severely limited. H.R. 3014 would grant physicians access to private lenders through guarantees issued by the Small Business Administration. We support the targeted nature of your proposal, which directs funds toward the specific

equipment, training and maintenance services necessary for our practices to meet the guidelines set forth by the Department of Health and Human Services.

The AOA recognizes the promise of increased productivity, prevention of medical errors, reductions in health care costs, increased administrative efficiencies, decreased paperwork, and expanded access to affordable care offered by HIT. However, these benefits cannot be achieved until physician practices have clear guidelines from CMS as to the standards to ensure interoperability across systems. We expect these guidelines and the definition of “meaningful use” to be published by the year’s end, but with just twelve months to purchase and implement a qualifying system we believe that this timeline is overly aggressive and inadvertently favors large institutions.

The administrative costs associated with the adoption of HIT systems also present an obstacle for small practices. The initial transition period involves considerable time for both the physician and support staff, who may require outside training and consultants. During this time physicians often decrease patient load by up to 25% for several months. These increased training expenses combined with decreased revenue creates a formidable cash flow problem that many small practices may not be able to accommodate. The loan program in this legislation accounts for these factors by allowing funds to be applied toward extra administrative costs.

Ms. Chairwoman, your legislation paves the way for small practices to join larger institutions in implementing HIT systems that will improve the delivery of care across the spectrum of health care. We commend you on your recognition of the challenges facing our members and the sound policy you set forth in H.R. 3014. On behalf of the AOA and my colleagues, thank you for your efforts and

we look forward to working with you and your colleagues on the Committee throughout this promising period of transition.

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<sup>1</sup> MGMA Center for Research. Assessing Adoption of Health Information Technology, 2005.