

MH: Alaska Psychiatric Institute Automation Project**FY2006 Request:****\$674,200****Reference No:****39983****AP/AL:** Appropriation**Project Type:** Information Systems**Category:** Health/Human Services**Location:** Anchorage Areawide**Contact:** Larry J. Streuber**House District:** Anchorage Areawide (HD 17-32)**Contact Phone:** (907)465-1870**Estimated Project Dates:** 07/01/2005 - 06/30/2010**Brief Summary and Statement of Need:**

Alaska Psychiatric Institute provides inpatient psychiatric care to over 1,500 individuals annually from all regions of the state. The automated systems necessary to support business and clinical activities at the facility are inadequate. Efforts to adapt the E-Chart system from Utah are unsatisfactory due to the limitations in accounts receivable and other key functions. This project will enable API to operate more efficiently and will provide necessary tools for clinicians and management at the facility. The API hospital must maintain adequate information systems to remain certified and to protect the safety and health of the patients.

Funding:	<u>FY2006</u>	<u>FY2007</u>	<u>FY2008</u>	<u>FY2009</u>	<u>FY2010</u>	<u>FY2011</u>	<u>Total</u>
Bonds MH	\$674,200						\$674,200
Total:	\$674,200	\$0	\$0	\$0	\$0	\$0	\$674,200

<input type="checkbox"/> State Match Required	<input checked="" type="checkbox"/> One-Time Project	<input type="checkbox"/> Phased - new	<input type="checkbox"/> Phased - underway	<input type="checkbox"/> On-Going
0% = Minimum State Match % Required		<input type="checkbox"/> Amendment	<input checked="" type="checkbox"/> Mental Health Bill	

Operating & Maintenance Costs:

	<u>Amount</u>	<u>Staff</u>
Project Development:	0	0
Ongoing Operating:	0	0
One-Time Startup:	0	0
Totals:	0	0

Additional Information / Prior Funding History:

This is the first year of the project.

Project Description/Justification:

Information Technology Capital Project Review Form FY2006

1. Has this project been previously approved? Yes

If yes, and there are no significant changes to funding amounts or technologies there is no need to continue with this form. Please copy last year's final capital budget back-up here as your submission for FY2006.

INITIATIVE / PROJECT SUMMARY

1.1. Alaska Psychiatric Institute Automation

1.2. Brief Description of Purpose explaining why you are doing this (relate to Department Business Plan if possible) []

2. DESCRIPTION

- 2.1. Key Functionality (What are the Customer Functional requirement that the solution must meet) [The system will accommodate electronic medical records (EMR) and financial management. The financial management will include accounts payable, accounts receivable, inventory control, and budget support. The EMR will accommodate all services provided at the facility and integrate with the financial management functions.]
- 2.2. Requirements (What are the technical / operational requirements that the system must meet) [The system will be a stand-alone installation and must be capable of 24X7 mission critical service delivery. The technical configuration could be any platform including mainframe, mini, or microcomputers.]
- 2.3. Relationship to Department Service Delivery [The automated information system of hospitals have become the core of operations. It is not practical to provide the services required of API without adequate automated systems.]
- 2.4. Alternatives considered / process employed to determine this recommendation. The API management after reviewing current operations has initiated this project. Their recommendation is to commence with implementing the automated system project as soon as possible.

3. IMPACT & RESULTS

- 3.1. On Customer service - service oriented (Departments need to define for the project who the customer is) [API Server 1500 patients annually. The patients and their families along with hospital clinicians and administrators rely on the automated information systems at the facility for patient clinical and accounting records.]
- 3.2. Operational excellence - Internal efficiency/effectiveness oriented [This project will enhance the care provided and facilitate the collection of fees, improve the quality of information and reduce the administrative burden on medical and support staff of the facility. A reduction of administration costs will save \$100,000 per year.]
 - 3.2.1. Positive impact if the project is approved / implemented. Improved financial management, and medical case management for API services.
 - 3.2.2. Give detailed information about tangible benefits / deliverables of the project which could include things like – reduced cycle time, cost saving, staff time savings, etc.

API currently is operating without essential electronic accounting capabilities necessary to control costs and to maximize revenue. An integrated automated patient account ledger is vital to the operation of a modern hospital. API is constrained from adequately managing ancillary medical costs due to the absence of a system to record and report these costs. Invoices for laboratory services, for example, may show up 4 months later and only then does API know of the financial liability. This project will provide API with the capability to record ancillary medical liabilities immediately, and to either divert or budget for the costs. Roughly \$50,000 per year will be saved through managing these costs.

A recent cost control study by PCG documented potential additional annual revenue of \$180,000 for API from Medicare Part B billings. Without an integrated medical records and accounts receivable system, API is not able to realize income from these Medicare services. This project will address the processing and automation deficiencies causing the loss of this revenue.

API is constrained from providing higher levels of care to patients due to the lack of Electronic Medical Records (EMR) system. This results directly in lost annual revenue of over \$150,000. Medicaid physician services for young and old populations have recently risen from an average of 1 case-note per week to 3 case-notes per week. The ability to provide additional services is largely constrained by the difficulties associated with processing manual case-notes. By implementing an EMR, the physicians will be able to provide 2 or 3 additional case-note type visits per week and increase both service and revenue.

In total, additional accounting capabilities and EMRs will allow for \$330,000 per year, which presently is not being collected, to be collected at API. Staff time required for managing patient cases will be reduced by implementing Electronic Medical Records. Staff savings coupled with controlling ancillary medical costs will save roughly \$200,000 per year. Quality assurance and compliance with regulations will be enhanced as well through automated procedures and reporting.

- 3.3. Innovation leadership - First to market oriented [Not applicable...]
- 3.4. Leveraging Opportunity
 - 3.4.1. Leveraged across Divisions within the Department. API will coordinate with the Division of Alaska Longevity Programs to take advantage of any software solution that may be shared with Alaska's pioneer homes. This may involve assistance with defining requirements, technical assistance, or hosting data systems, which may address both Divisions' needs.
 - 3.4.2. Leverage across Departments within the Service Area. To the extent possible given that API is the only State operated psychiatric hospital.
 - 3.4.3. Leveraged Across Service Areas (Enterprise) To the extent possible given that API is the only State operated psychiatric hospital.
- 3.5. Impact if not implemented: Continued loss of revenue and inefficient operations.

4. COST

- 5. Drivers: Significant charges are not being recovered currently due to inadequate recording and billing at API. These funds along with efficiencies in administrative and clinical operations will provide much needed financial relief for the hospital.
 - 5.1. Estimates [Includes: "best estimate" dollars, staff time, consultant dollars, hardware and software (IF part of the system), infrastructure modifications due to new system requirements and projected on-going maintenance/support costs. The total system costs are estimated to approach \$1 million. Added efficiencies and increased revenue from billing could contribute \$.5 million each year of operations (\$330K in billings and \$200K in increased efficiencies).
 - 5.1.1. Staff Resources Required: One additional FTE for project implementation with a potential reduction in FTE after project is implemented. Annual costs \$125K through implementation.
 - 5.1.2. Software Acquisition [Recent RFI responses ranged from \$.5 to \$2 million Includes installation and testing.]

6. FUNDING

- 6.1. If funding is required what is the department recommended funding source? Potential program receipts (GF), MHTAR, Federal grants
- 6.2. If this project is already funded what is the current funding source N/A
- 6.3. Other "funding" related information as needed....N/A

7. SPEED TO IMPLEMENT

- 7.1. Duration of project (in months) 15 – 18 months
 - 7.1.1. Contingent on Availability of Funding Yes
 - 7.1.2. Contingent on Total resources available to do the work Yes
 - 7.1.3. Contingent on Approval process Yes

8. TECHNOLOGY RISK ASSOCIATED WITH THE INITIATIVE

- 8.1. Ability of the Department or Enterprise to support the project: Undefined at this point
- 8.2. Adherence to Enterprise Technology Standards
 - 8.2.1. List all technology being used to implement the solution No technology has been ruled out at this stage.

If not following State standards on project give justification Standards will be followed where appropriate.

