

Six steps to practice management system selection

Introduction

As with any technology purchase, choosing a new practice management system (PMS) is a major decision and investment. To help physicians and their staff make this important selection, the American Medical Association (AMA) and the Medical Group Management Association (MGMA) have developed this step-by-step roadmap for evaluating options and purchasing the most appropriate PMS for your practice. This proactive approach outlines the PMS selection process from the moment you decide to purchase your first—or a new—PMS to your final product decision.

While finding a PMS product that fits within your practice's budget is important, you must first determine what system features your practice needs to operate with the highest level of efficiency. Make standard electronic transaction compliance and functionality a priority in your PMS selection, as these transactions offer the opportunity for substantial practice automation and cost savings. Use the steps below to help you put the necessary time and thought into your needs for a new PMS and ensure that your selected system meets or even exceeds the expectations for your practice.

1. Establish a PMS assessment team

As with any technology decision, the “right” PMS for your practice is the one that will best meet the needs of you and your staff. Accordingly, the first step in purchasing your first PMS or moving to a new product is to establish a PMS assessment team and engage key staff who utilize, interface with or are directly impacted by your PMS and its associated administrative processes. In smaller physician practices, this assessment team may consist of one or more physicians and the practice administrator. In larger physician practices, in addition to one or more physicians and the practice administrator, the team should include representatives from your practice's patient registration staff, coding and billing staff and non-physician clinical staff. By including the relevant clinical and administrative staff on this team, you can better identify the most appropriate and cost-effective system for your practice. This team approach should also decrease implementation time and cost.

2. Analyze the patient management and claims revenue cycle

The second step in selecting a PMS is to analyze your practice's complete patient management and claims revenue cycle. Creating a detailed process map that captures your practice's workflow—from the time that a patient calls to make an appointment through health plan remittance processing and follow-up on late patient payments—will provide a complete picture of the administrative functions that your ideal PMS should support. Your assessment team should obtain key staff input to help develop a comprehensive analysis of both your current claims revenue cycle and the functionality and features that would benefit your practice. Maximizing the automation of the claims revenue cycle can dramatically reduce your administrative costs and hassles while potentially increasing your revenue.

3. Identify critical software functionality and features

The next step is to identify the core set of PMS functionalities and features based on the assessment team's analysis of your practice's current patient management process and claims revenue cycle. During this thorough review, you will want to:

- Analyze your practice's minimum administrative requirements (e.g., billing and collections, patient scheduling and communication)
- Identify the additional functionality and features that your practice currently utilizes (e.g., electronic claims processing, patient eligibility verification and physician credentialing)
- Ascertain the functionality and features that your current PMS does not have but that you would like to explore with a new vendor for potential inclusion (e.g., real-time transactions, electronic patient identification card reader, and electronic claims reconciliation and posting)
- Determine the types and frequency of the reports your practice needs (e.g., daily, specialty-specific, charges, collections and adjustments)
- Determine your minimum requirements for consideration of a PMS vendor (e.g., financial stability, longevity, reputation and customer satisfaction, support and maintenance, on-site or online demonstrations and vendor references from physician practices of similar size and/or specialty as your own)
- Ascertain how software updates are handled (e.g., timing, cost, hardware requirements and staff training)
- Consider how the PMS will integrate with your practice's electronic health record (EHR). For more information on selecting an EHR, please see the AMA's STEPS Forward module "[EHR software selection and purchase](#)"

Familiarize yourself with what software functionality will be needed to comply with all applicable federal and state legislation and regulation. You should consider having the vendor guarantee in its contract that the PMS contains the functionality to comply with all current and future federal and state mandates, including the Health Insurance Portability and Accountability Act (HIPAA) electronic standard transactions, national identifiers and privacy and security rules. For more information on the HIPAA Transaction and Code Set Rule, see the educational resource "[Understanding the HIPAA standard transactions: The HIPAA Transactions and Code Set Rule](#)" (log in).

After this review and analysis, you are ready to develop a checklist detailing the most important PMS features and functionalities for your practice. This toolkit includes a [template PMS criteria checklist](#) that can be used as a starting point for your practice's assessment of key PMS features. This tool is offered as an editable Word document so that it can be modified to reflect your practice's individual priorities and needs.

4. Research and compare PMS products

Once you have completed the PMS criteria checklist referenced in step 3, you will need to research what functionalities and features various vendors offer. Although the number of vendors and products may at first seem overwhelming, there are several informed ways to narrow the scope of your search, such as:

- Checking if a vendor's product is accredited under the [Practice Management System Accreditation Program \(PMSAP\)](#) developed by the Electronic Healthcare Network Accreditation Commission (EHNAC) and the Workgroup for Electronic Data Interchange (WEDI) [PMSAP assesses a vendor's adherence to quality, privacy, transactional and security standards]
- Reviewing vendor surveys from health information technology review organizations
- Networking within your physician or practice management community for recommendations from similar practices
- Visiting vendor booths at trade shows and/or vendor Web sites
- Engaging a consultant

You may also wish to share your practice's PMS criteria checklist (see step 3) with potential vendors to assist in the screening process. No matter how you narrow your search, the goal is to match vendor capabilities to your practice's needs and identify a manageable number of PMS vendors (e.g., 3–10) from which to solicit a formal proposal.

5. Request and review formal requests for proposal (RFPs) from PMS vendors

The next step is to create a formal RFP that outlines your practice's requirements. This toolkit provides a [sample RFP](#) (log in) to help you prepare an effective document that you can submit to PMS vendors to assist in determining whether they can provide a system that meets your practice's requirements and at what cost. The sample RFP includes specific information vendors will need from your practice before they can respond to your RFP requirements (e.g., practice size and specialty). The sample RFP also provides a list of questions regarding vendor qualifications, a form for the vendor to list their PMS functionalities and features and additional questions you may wish to include in your RFP (e.g., hardware requirements, software, installation, vendor support and training). If you wish to provide more direction to the vendor, you may also attach a copy of your completed PMS criteria checklist. Submitting your RFP to each of the vendors you are considering will enable you to more effectively compare vendors and select a PMS that will be a good fit for your practice.

6. Select the PMS that best meets your practice's particular needs

After collecting RFP responses from your top PMS vendor candidates, you will want to thoroughly review the features of each product and compare them to your other options. While system capabilities play a critical role in your decision, cost will obviously be another major factor to consider. Ultimately, your PMS assessment team will want to gather and review all supporting documentation from each vendor, weigh system features vs. costs and choose the product that will yield the most value at a price that is acceptable to your practice.

Your selected vendor will provide a contract that you should carefully review before signature. As with any legal agreement, you may wish to have your attorney review the PMS contract to ensure adequate protection for your practice.

After these careful final reviews and evaluations, it's time to enjoy the benefits of all the time and effort that went into this challenging decision. Your staff can move forward with implementing your new PMS with the confidence that you've done the necessary homework to ensure that your new PMS will meet, and probably even surpass, your practice's needs.

Conclusion

Physician practices have a significant opportunity to improve efficiency and reduce costs by implementing new PMS software that leverages today's sophisticated technology and administrative simplification opportunities, such as the HIPAA electronic standard transactions and operating rules. To take full advantage of the possibilities of a new PMS, physician practices need to evaluate their needs, make educated choices and ensure that any new system maximizes the benefits to the practice. This guide is designed to support physician practices in making a technology selection that will maximize today's practice automation opportunities and minimize the potential of "buyer's remorse."

Disclaimer: This guide is strictly meant as an informational tool. The practice must use its own independent judgment when selecting a PMS that best meets the needs of the practice. The practice is encouraged to consult with its own experts and/or consultants when making this decision. The resources in this toolkit do not provide legal advice. Consultation with legal counsel may be appropriate, particularly in developing an RFP. Neither the AMA nor MGMA accepts liability with respect to the use of this toolkit or any decision that is made by the practice based on the toolkit resources.