

## Health care in America

# Bit by bit

### Wal-Mart and other big firms are pushing for electronic medical records

Dec 7th 2006 | new york | From the print edition

THE paperless hospital has long been a goal of health-care reformers. Plenty of studies have shown that America's bureaucratic approach to handling patient records inflates costs, wastes time and increases medical errors. A number of digital initiatives have even popped up in places like Indianapolis and Massachusetts, but these are tiny ripples in the ocean of medical data. A national, fully interoperable system of electronic medical records has remained a distant dream.

But that may be about to change. On December 6th Wal-Mart announced plans to launch Dossia, an online patient-information service, next year. The retail giant was joined by other big firms including Intel and BP's American division, representing some 2.5m employees, dependants and pensioners in total. Curiously, they are relying not on some Silicon Valley powerhouse but on the Omnimedix Institute, a non-profit firm based in Oregon, to build and run the new system.

Separately, Google has been making noises about entering this market, too. "Today it is much too difficult to get access to one's health records...our industry should help solve this problem," wrote Adam Bosworth, who is developing Google's health-sector strategy, on his firm's blog last week. When Wal-Mart, Intel and Google start sniffing around a market, the time has probably come to take it seriously.

Why are all these big firms interested in injecting a dose of computing into health care? In part, because it offers the prospect of a big new market. Pitney Bowes, a member of the Dossia consortium, hopes to sell more software; Intel hopes to sell more chips. And Google may be hoping to grab a slice of the pharmaceutical industry's huge marketing budget, via online advertisements tied into medical systems.

A narrow focus on sales does not explain everything, however. Electronic medical records will not increase sales at BP or Wal-Mart. Why are these big firms joining hands to embrace this untested and previously unsuccessful idea? BP's Pat Miller says that many of her firm's employees move frequently, so portable records would be more convenient for them. Wal-Mart's Linda Dillman says her firm likes the independent and non-profit status of Dossia.

“The data will come out of the commercial space and become the property of the individual,” she says.

Those are laudable goals, but some believe the main motivation for this new effort is simpler: containing costs. “Employers are completely frustrated by the health industry's slow adoption of information technology,” explains David Matheson of the Boston Consulting Group, a management consultancy. The Dossia group acknowledges as much, pointing out that “with employers paying almost half of all US healthcare costs, Dossia will be an important component in making the health-care system more efficient and effective, eliminating waste and duplication.”

Previous efforts have failed, but could Wal-Mart's rallying cry lead to an electronic revolution in health care? Perhaps. After all, the retailer's embrace of RFID wireless-barcode technology forced reluctant suppliers to adopt it. However, Mr Matheson points out that America's health-care system is fragmented and huge—far bigger even than Wal-Mart—which could limit the firm's ability to force change. Durjoy Bhattacharjya, the founder of [medicalrecords.com](http://medicalrecords.com/) (<http://medicalrecords.com/>) , a now-defunct start-up, adds that worries about such things as privacy and security could also scupper the initiative. “Previous failures were rarely about technology,” he says.

Perhaps that sober reality explains the uncharacteristically conciliatory stance struck by Wal-Mart this week. Ms Dillman says she hopes that if Google enters the market, it will compete “on the software and functionality of the front end” and not over control of the patient data. And she rejects the notion that there might be a “Wal-Mart effect” as there was with RFID. “We cannot fix it on our own—we want to be a catalyst and a convenor,” she says.

From the print edition: Business