Focus on Health IT Outsourcing to Cut Costs

The growing need for more sophisticated electronic health records, analytics and population health management is leading health organisations to shift their focus to IT outsourcing to reduce costs. Nearly 73 percent of health systems with more than 300 beds are using outsourced IT solutions, according to a new report from Black Book Market Research.

After surveying more than 1,030 hospital CIOs and IT leaders, 240 CFOs, and 1,400 business managers, Black Book found an overwhelming trend towards outsourcing IT services. In fact, the majority of providers with fewer than 300 beds — nearly 81 percent — are utilising those services as well, results of the survey show.

As the demand on healthcare organisations grows in complexity, hospital managers and IT leaders are seeing that it makes financial sense to use outsourced services.

"Most hospital leaders see no choice but to evaluate and leverage next-generation information and financial systems as an outsourced service in order to keep their organisations solvent and advancing technologically," said Doug Brown, managing partner of Black Book.

In addition, health IT outsourcing produces favourable results, with a majority of respondents (about 84 percent) services stating they are satisfied with rendered services and their expectations have been exceeded.

Hospital leaders are no longer looking to vendors to make the case for outsourcing — they are taking the initiative to research the cost and benefits on their own, the Black Book report notes.

The healthcare industry has used IT outsourcing for decades, from administrative to clinical needs. However, the survey shows that providers have perfected their contracts with vendors in order to create an effective business relationship.

About 600 of those surveyed are former and current users of IT outsourcing. Of these respondents, 90 percent reported they are at or near a full return on their investment within three months or less.

Meanwhile, 83 percent of those who have used IT outsourcing agreed when the strategy did not work it was due to reasons that include: choosing the wrong vendor, neglecting to prepare accurate budgets, unrealistic expectations and unmonitored performance for contracted outsourcing.

Despite past failures, 86 percent of CFOs and 91 percent of CIOs are keen on restructuring their organisation to support a combination of outsourced providers and hospital staff, poll results show. Moreover, 68 percent of CIO respondents endorse software developments to support big data, predictive analytics and claims management for possible enhancements to the EHR systems.

"This pressure on bottom lines has again raised IT outsourcing as a panacea for cost control, but it is also a way to access needed software solutions and expertise in running these applications," Brown pointed out.

Source: Black Book Market Research
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