

Leadership Call-to-Action: Putting Consumers Front and Center

Learn more

2022 Consumer Experience & Digital Health Forum

SEP 12-14, NASHVILLE, TN



Healthcare IT News

TOPICS | SUBSCRIBE | MAIN MENU

ANZ | ASIA | EMEA | Global Edition

Healthcare IT News Oracle closes \$28B Corner deal as exec takes next steps

Learn More

More kith than kin? For-profit and not-for-profit hospitals

From the insight section

By Jack Beaudoin | May 29, 2014 | 02:47 PM



For-profit healthcare is as old as the medical profession itself, but for-profit hospitals constitute just 20 percent of the hospital market in the United States. There are justifiable concerns about "the corporate practice of medicine," and academics and journalists alike have found fertile ground comparing the economics of for-profit and not-for-profit hospitals and health systems.

What about IT? I put that question to the experts at the Dorenfest Institute and HIMSS Analytics, and then spent some time poking around the data myself.

Between 2010 and 2013, health IT acquisition behaviors have been remarkably consistent across the board. Every year, about six in 10 hospitals, no matter their profit-status, invest in major systems.

To break it down further: About three in 10 acquire between one and three new systems a year (the "keep it simple" conservative cohort). Between 12 and 15 percent buy four to nine applications (the "we can do it" moderate cohort). And between 10 and 13 percent acquire 10 or more in a year (the "sky's the limit" aggressive cohort).

So are there differences between the acquisition strategies of for-profit and not-for-profit hospitals and healthcare systems? Conventional wisdom might suggest that since for-profit systems have greater access to capital and need to operate more efficiently (since investors expect a return), they are more likely to invest in health IT. But the historical data from the Dorenfest Institute indicate otherwise.

For the period 2010-2013, every year about half of all for-profit hospitals sat on the sidelines and didn't acquire new health IT applications. In contrast, only 33 percent of not-for-profits sat out a year without an acquisition. And for-profits also were greater multi-taskers: 31 percent were either moderate or aggressive buyers of IT in a given year, compared to just 17 percent of the for-profits.

For-profits were also likely to be lower on the HIMSS Analytics EMRAM model than their not-for-profit counterparts.

I asked Lorren Pettit, vice president of market research at HIMSS Analytics, if he was surprised by this pattern.

"Yes, I was surprised at the findings," Pettit told me. "I was particularly struck by the trajectory of for-profit hospitals buying four or more HIT applications between 2011 and 2012 — it took a nose dive."

In fact, the number of for-profit hospitals in the moderate and aggressive cohorts dropped from nearly 25 percent to 14 percent. Pettit speculates that the Supreme Court's decision to uphold healthcare reform put a damper on for-profit HIT acquisition.

"If I'm correct, then it makes me wonder if for-profit providers are not re-evaluating all purchase decisions in light of health reform, looking for those investments that will position them best for success in the future," Pettit observed.

That prompts the question whether for-profit hospitals are investing in specific applications. CPE and physician documentation topped the list of applications for both types of hospitals, but the third-ranked priority of for-profit hospitals was the physician portal — which stood at only sixth for the not-for-profits.

"That suggests to me that for-profits may have a different physician strategy than other hospital types," Pettit explained. "Instead of buying practices, for-profits may be looking to IT to help build physician loyalty to their hospital by ensuring physicians have easy access to the hospital."

Strategy, or response to regulation, I wonder? Another explanation for the importance of physician portals to for-profit hospitals might be that if your organization is prohibited from employing physicians, you best make it easy for docs to share patient data with you.

A handful of states, such as Connecticut and California, severely restrict or prohibit physician employment in for-profit hospitals — based on concerns about the corporate practice of medicine. Many other states only permit physician employment in for-profit hospitals that are owned and operated by physicians.

Perhaps policymakers need to pay greater attention to the downstream impacts of healthcare regulations. If health IT applications do lead to better outcomes — the subject of my next column — shouldn't we want all hospitals, regardless of profit-motive, making those investments?

Jack Beaudoin was a co-founder of Healthcare IT News and its first editor. From 2003 to 2013 he served as president and CEO of MedTech Media, overseeing the transition to HIMSS Media.

More regional news



FBI prevents Nebraska hospital cyber attack
By Andrea Ives | August 19, 2022



HIMSSCast: Using EHRs to confront the opioid crisis
By Bill Swicki | August 19, 2022



Former Amazon medical officer examines Surgeon General's clinician burnout warning
By Bill Swicki | August 19, 2022



WANT TO GET MORE STORIES LIKE THIS ONE?

Get daily news updates from Healthcare IT News.

Your Email Address

Submit

Healthcare IT News

MORE NEWS

MD+HEALTHCARE
Healthcare FINANCE NEWS
Healthcare Payers News
Healthcare IT News Australia

NEWSLETTER SIGNUP

- News Global Edition — daily
- News Global Edition — weekly
- News Asia Pacific Edition — twice-monthly
- News Europe/UK Edition — twice-monthly
- Telerehealth Connection — weekly
- Cybersecurity Checkup — twice-monthly
- Women In Health IT — twice-monthly
- Government & Policy — twice-monthly

SUBSCRIBE

Email

Submit

HEALTHCARE CYBERSECURITY FORUM

The 2022 HIMSS Healthcare Cybersecurity Forum will explore how the industry is protecting itself today and what must evolve for the future.
December 5 - 6, 2022 | Boston, MA

Learn More

HIMSS APAC HEALTH CONFERENCE & EXHIBITION

The long-awaited reunion of the healthcare community in Asia Pacific has added emphasis on accelerating the digital transformation of healthcare.
27 - 28 September, 2022 | Bali

Learn More