IT outsourcing could benefit rural hospitals, researchers find

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Patients expect the most up-to-date equipment and technology at hospitals, regardless of the institution's size or budget. Providing that technology, however, can be difficult for small, rural hospitals that often lack the budget and staffing to make it possible.

A case study conducted by researchers in Penn State's College of Information Sciences and Technology (IST) shows that smaller hospitals may be able to benefit by sharing an IT infrastructure with larger hospitals in the same geographic area.

Madhu Reddy, assistant professor of IST, Sandeep Purao, associate professor of IST, and Mary Kelly, a graduate student, conducted interviews with administrators at a regional hospital and three small, rural hospitals in central Pennsylvania. The three smaller hospitals relied on the regional hospital to manage such things as software, laboratory information and technical support.

The researchers found that the smaller hospitals saw financial savings from the partnership and also benefitted from the shared IT staff and its experience. The group reported their results of the study in a recent issue of the Journal of the American Medical Informatics Association.

"The most prominent financial benefit for the rural hospitals was the ability to afford a comprehensive IT infrastructure at a relatively low price," Reddy said. "For instance, the rural hospitals only pay a percentage of the hardware dedicated to their needs … if the regional

hospital buys a new hard drive, the rural hospitals will only be charged for the percentage of the hard drive they use."

The regional hospital did not profit from sharing its services, but the smaller hospitals did take on costs involved with the partnership and helped pay for the additional staffing required to make the relationship possible.

One of the challenges to this outsourcing system, the researchers found, was a perception among the small hospitals that their customer service requests were sometimes not a high priority for the regional hospital's IT staff.

"They believed a traditional vendor would want to meet their needs in order to retain their business, but that was not always the case in the partnership," Reddy said. "However, as the partnership evolved over time, they were able to overcome this challenge."

Reddy said he hopes to continue this research by organizing a larger case study examining rural/regional hospital IT relationships throughout Pennsylvania to determine whether this type of relationship can have long-term benefits for rural hospitals across the state and the country.

Source: Penn State