

Healthcare It Outsourcing Market - Growth, Trends, Covid-19 Impact, and Forecasts (2023 - 2028)

Market Report | 2023-01-23 | 115 pages | Mordor Intelligence

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Report description:

The healthcare IT outsourcing market is expected to register a CAGR of nearly 8.3% during the forecast period (2022-2027).

During the Covid-19 pandemic, there was an increase in the demand for healthcare IT solutions to keep accurate patient information, link patient records, and ensure interoperability and cyber security. According to the study titled "Generation of a Fast Healthcare Interoperability Resources (FHIR)-based Ontology for Federated Feasibility Queries in the Context of COVID-19: Feasibility Study" published in the JMIR publication in April 2022, the German Corona Consensus Dataset (GECCO) specified how data for COVID-19 patients will be standardized across German hospitals in Fast Healthcare Interoperability Resources (FHIR) profiles. The study demonstrated that FHIR profile automatic ontology generation was possible for COVID-19 patients. Thus COVID-19 had a significant impact on the growth of the market during the pandemic period.

The market is expected to grow due to the rising pressure to reduce healthcare costs, globally, and the increasing need to manage cash flow in back-office administration and IT management systems are the major factors driving the growth of the healthcare IT outsourcing market. The healthcare IT investment is estimated to grow faster due to strong government support in various countries for the healthcare industry, which has led to several technological innovations in recent years and is bound to foster the demand for healthcare IT solutions and increase the use of these services, to upgrade the healthcare infrastructure.

Additionally, in May 2020, Microsoft Corporation invested around USD 1.5 billion in a five-year investment plan in Italy that will deliver access to local cloud services and other facilities under the "Ambizioneltalia" initiative. This is expected to increase the amount of digitalization and the need for cyber security and data integrity and analytics boosting the growth of the market during the forecast period.

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Additionally, the increased patient-centric and value-based approaches in healthcare, shortage of in-house trained IT professionals, government focus on introducing IT in healthcare, and reduction in operational and healthcare costs are driving the market.

However, the threat to data security and confidentiality, lack of a standard platform, and shortcomings in performance, as compared to expectations, act as a restraining factor for the growth of the market.

Healthcare IT Outsourcing Market Trends

Payers Healthcare IT Outsourcing Segment is Expected to Witness a Healthy Growth Over the Forecast Period

The payer's healthcare IT outsourcing segment is expected to witness a healthy CAGR over the forecast period, owing to significant changes in the healthcare landscape. On account of regulatory amendments and escalating costs, most healthcare firms adopted new technologies and outsourcing business models.

Currently, large companies are collaborating with large business process outsourcing (BPO) and knowledge process outsourcing (KPO) for services, such as health claims, billing and accounts, and healthcare IT operations. For instance, in February 2020 Wolters Kluwer partnered with Statistical Analysis System (SAS) to leverage its health language portfolio of quality data solutions, to power real-world evidence (RWE) analytics within the SAS Health division. As the number of people with insurance is on the rise, managing the processes efficiently is becoming a lower-value contribution to the bottom line. Having benefited from the cost saving and improved efficiency in quality, more payers are outsourcing to large Business Process Outsourcing (BPO) with integrated cloud-based platforms, for claim administration and member lifecycle management. In an attempt to reduce costs while providing high-quality patient care, healthcare insurance payers are streamlining their processes.

The steady growth in the number of people opting for insurance and technological advancements have paved the path for the increase in healthcare payer services. The increasing number of growth strategies by key market players such as collaborations are expected to drive the growth of the studied segment. For instance, in July 2021 Philips and Cognizant entered into a new collaboration to develop end-to-end digital health solutions that will enable healthcare organizations and life sciences companies to improve patient care and accelerate clinical trials.

Thus, the above-mentioned factors are expected to drive the growth of the studied segment.

North America Dominates the Market and Expected to do the Same Over the Forecast Period

Currently, North America dominates the healthcare IT outsourcing market, and it is expected to continue its stronghold over the forecast period. This region is expected to increase its market share in the future, owing to its well-established healthcare industry and better reimbursement systems. The United States, therefore, holds the majority of the market in the North American region, due to the higher adoption of digital healthcare and rising investments made by the companies in the country.

The United States healthcare IT outsourcing solutions market is expected to grow during the study period significantly owing to the increase in investments by major companies coupled with the growth strategies such as acquisitions, mergers, and innovative launches by the market players. For instance, in December 2021, CareCloud released CareCloudConnectors, a next-generation interface and data management engine, and the first product within its CareCloud Conductor Site. Care Cloud Connector enables healthcare organizations with ready-to-use integrations that improve data management and deployment speed while offering better interface visibility and Control.

Also, in May 2022, R1 RCM entered into an agreement that will make R1 the exclusive provider of revenue cycle management

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(RCM) services ScionHealth's 61 long-term acute care hospitals (LTACHs), launched in December 2021. Similarly in July 2020, Allscripts and Microsoft Corp. extended their long-standing strategic alliance to enable the expanded development and delivery of cloud-based health IT solutions. Cloud-based sunrise will offer many added benefits beyond the on-premise version that will improve organizational effectiveness, solution interoperability, clinician ease of use, and an improved patient experience. Such partnerships by the key market players to provide various advanced IT outsourcing for the healthcare industry are expected to contribute to the growth of the market in this region.

Thus, the above-mentioned factors are expected to drive the growth of the market during the forecast period.

Healthcare IT Outsourcing Market Competitor Analysis

The healthcare IT outsourcing market is highly competitive and consists of several major players. With technological advancements and product innovations, mid-size to smaller companies are increasing their market presence, by introducing new products and services at low prices. Some of the major companies operating in the market are IBM, Oracle, Cerner, McKesson, Philips Healthcare, Siemens Healthcare, Accenture, Tata Consultancy Services, Dell, and Infosys.

Additional Benefits:

The market estimate (ME) sheet in Excel format
3 months of analyst support

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5 MARKET SEGMENTATION (Market Size by Value - USD million)

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