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# 2015 Healthcare IT Spending Forecast Report

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HIMSS Analytics

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April 2015

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# Introduction

HIMSS Analytics has published the latest version of its hospital healthcare information technology (HIT) forecasting model to project industry spend from 2014 through 2019. HIMSS Analytics' forecasting methodology uses IT expense data from the previous reporting year (2013) and projected budget data for the current reporting year (2014) as well as for future years to forecast spending over the next five years (2014 – 2019). Two different forecast models were used to calculate average spending values for the total market. Model One is based on hospital bed size whereas Model Two considers hospital bed size along with the HIMSS Analytics EMR Adoption Model (EMRAM<sup>SM</sup>) score (EMRAM being reflective of a hospital's EMR capability). We used a median pricing model for the forecasts based on a combination of vendor pricing models. This model also includes maintenance fees that hospitals pay monthly or annually and consulting fees as part of the operating spend forecast projections.

HIMSS Analytics identifies areas where hospitals and integrated delivery systems (IDSs) are considering spending future IT dollars. These projections are provided for key application suites — e.g., the electronic medical record (EMR) and operational applications — that will be impacted over the next few years. While this does not guarantee the money will be spent, it does indicate projected spending. New to our analysis this year is a breakdown of HIT buyers indicated as first-time or replacement buyer status. This

added feature is significant as it provides some insight into the potential motivations driving HIT spend.

We have adopted a fairly conservative approach to our projections as we believe HIT spending from 2014 through 2019 will fall toward the mid-range of our forecasts. We have assumed this posture because spend across the hospital HIT market appears to be shifting from first-time buyers to replacement buyers. Additionally, as hospital organizations mature from a technology perspective and purchase more software as a service (SAAS) and cloud computing, there could be another spend shift from a capital expense to an operating expense model.

# Contents

Executive Summary | 3

Methodology | 4

Current Environment | 6

A Prelude to the Future | 6

Market Activity | 6

Most Commonly Acquired/Implemented HIT Applications | 7

Hospital Expenses - 2014 | 9

Hospital IT Budget – 2014 | 10

Projected Spend | 13

Hospital IT Application Spend | 13

Conclusion | 14

Appendix A | Projected IT Spend | 15

Hospital Tethered Applications | 15

EMR Applications | 16

Operational Applications | 18

Other Clinical Applications | 22

Appendix B - HIMSS Analytics Maturation Models | 25

About HIMSS Analytics | 27

## APPENDIX B: HIMSS Analytics Maturation Models

US EMR Adoption Model <sup>SM</sup>			
Stage	Cumulative Capabilities	2014 Q3	2014 Q4
<b>Stage 7</b>	Complete EMR, CCD transactions to share data; Data warehousing; Data continuity with ED, ambulatory, OP	3.4%	3.6%
<b>Stage 6</b>	Physician documentation (structured templates), full CDSS (variance & compliance), full R-PACS	16.5%	17.9%
<b>Stage 5</b>	Closed loop medication administration	29.5%	32.8%
<b>Stage 4</b>	CPOE, Clinical Decision Support (clinical protocols)	14.5%	14.0%
<b>Stage 3</b>	Nursing/clinical documentation (flow sheets), CDSS (error checking), PACS available outside Radiology	23.9%	21.0%
<b>Stage 2</b>	CDR, Controlled Medical Vocabulary, CDS, may have Document Imaging; HIE capable	5.3%	5.1%
<b>Stage 1</b>	Ancillaries - Lab, Rad, Pharmacy - All Installed	2.5%	2.0%
<b>Stage 0</b>	All Three Ancillaries Not Installed	4.4%	3.7%

Data from HIMSS Analytics® Database © 2014 HIMSS Analytics

N = 5453

N = 5467

HIMSS Analytics Continuity of Care Maturity Model	
<b>STAGE 7</b>	Knowledge Driven Engagement for a Dynamic, Multi-vendor, Multi-organizational Interconnected Healthcare Delivery Model
<b>STAGE 6</b>	Closed Loop Care Coordination Across Care Team Members
<b>STAGE 5</b>	Community Wide Patient Record using Applied Information with Patient Engagement Focus
<b>STAGE 4</b>	Care Coordination based on Actionable Data using a Semantic Interoperable Patient Record
<b>STAGE 3</b>	Normalized Patient Record using Structural Interoperability
<b>STAGE 2</b>	Patient Centered Clinical Data using Basic System-to-System Exchange
<b>STAGE 1</b>	Basic Peer-to-Peer Data Exchange
<b>STAGE 0</b>	Limited to No E-communication

## About HIMSS Analytics

HIMSS Analytics collects, analyzes and distributes essential health IT data related to products, costs, metrics, trends and purchase decisions. It delivers quality data and analytical expertise to healthcare delivery organizations, IT companies, governmental entities, financial, pharmaceutical and consulting companies. Visit [www.himssanalytics.org](http://www.himssanalytics.org).

HIMSS Analytics is a part of HIMSS, a cause-based global enterprise that produces health IT thought leadership, education, events, market research and media services around the world. Founded in 1961, HIMSS encompasses more than 52,000 individuals, of which more than two-thirds work in healthcare provider, governmental and not-for-profit organizations across the globe, plus over 600 corporations and 250 not-for-profit partner organizations, that share the cause of transforming health and healthcare through the best use of IT. HIMSS, headquartered in Chicago, serves the global health IT community with additional offices in the United States, Europe, and Asia.