

PRESS RELEASE

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Investing in Information Technology Pays off for Hospitals, New FSU Study Shows

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By Doug Carlson

TALLAHASSEE, Fla.- A comprehensive Florida State University study of information technology use in acute care hospitals is the first to reveal an overall financial benefit associated with hospital investments in IT. The study appearing in the January-February issue of the Journal of Healthcare Management shows that hospitals improve their bottom line, and could help control spiraling health-care costs, with greater use of IT systems. "The implications for a capital-starved industry are enormous," said health-care industry analyst Perry T. White in an accompanying commentary published in the journal. "The fact that the higher performing organizations in the study without fail showed higher levels of IT adoption is a clanging bell to those organizations that have lagged behind the standards of our industry," wrote White, who is senior manager at Pershing, Yoakley and Associates in Birmingham, Ala. The study, funded by the Florida Legislature, suggests that hospital CEOs should look at the long-term benefits of investing in technology. "Our findings illuminate a positive and significant relationship between IT use and numerous measures of financial performance across Florida hospitals," wrote lead author Nir Menachemi, assistant professor and director of the Center on Patient Safety at the Florida State University College of Medicine. At a time when hospitals are seeking ways to curb expenses, some CEOs are reluctant to commit to costly investments in new or better technological systems — even those that have been shown to improve patient safety — without a clear idea on whether or not it makes good financial sense to do so. Menachemi's study combines publicly available financial data with information on IT adoption from 82 Florida hospitals. His team's analysis breaks down IT investments into three categories that affect various aspects of hospital operations: administrative, clinical and strategic. Administrative operations included those IT systems used in billing, payroll and supply chain management. Clinical operations included pharmacy and laboratory, computerized physician order entry and electronic health records. Strategic operations involved systems used for managed care, nurse staffing and executive information. Menachemi found improved financial performance in each of the categories individually and again when they were viewed collectively.