

Healthcare IT Spending To Reach \$40 Billion

The U.S market for healthcare IT hardware, software, and services is expected to grow 24% annually for several years, driven in part by mandatory use of EHRs.

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Slideshow: 12 Innovative Mobile Healthcare Apps

The U.S. health IT market is forecast to grow at a compound annual growth rate (CAGR) of around 24% during 2012 to 2014, according to a study from RNCOS, a global market research and information analysis company.

The report, U.S. Healthcare IT Market Analysis, which was published earlier this month, said the health IT industry is expected to surge to \$40 billion by the end of 2011. The growth will be driven not only by healthcare reform and the implementation of e-health systems, but also by a population that will demand and increasingly be able to afford quality services.

Segmenting the market into IT hardware, IT software, and IT services, the report notes that IT hardware accounted for 65% of the total market at the end of 2010. It also said the mandatory use of electronic health records (EHRs) has boosted the market for software. As a result, the healthcare IT software market will increase in revenues from \$6.8 billion in 2010 to \$8.2 billion in 2011.

The adoption of health IT software will allow for more effective cost control and better patient care, as well as improvements in employee productivity and overall competitiveness of provider networks, the report predicts.

The report noted that recent mergers and acquisitions in the healthcare software IT sector reflect a greater interest by the private sector in the healthcare IT software market, which is forecast to grow at a CAGR of more than 30% from 2012 to 2014.

Another focus of the report is the growth of mobile health and the key role it will play in various areas of healthcare delivery, including education and awareness, remote data collection, remote monitoring, disease and epidemic outbreak tracking, and diagnostic and treatment support.

The mobile health market has a year-over-year growth rate of around 17% since 2010 and is estimated to be worth \$2.1 billion at the end of 2011. The report also said the mobile health market is expected to grow with a CAGR of nearly 22% from 2012 to 2014.

"The buzz surrounding mobile healthcare has steadily grown during the past two years. There's no question that this area holds enormous potential in terms of improving patient care in the U.S.," the report concludes.

The main driver of mobile health's growth is the increasing adoption of smartphones during the past few years. According to the report, at the end of 2009, smartphone penetration was around

InformationWeek Healthcare

21% and is expected to be 50% by the end of 2011. Further, over 72% of physicians are smartphone users, and mobile health applications embedded in smartphones are a main reason for this increased usage.

Another trend of note is the adoption of Apple's iPad tablets. More than 20% of U.S. physicians already have iPads, the report said.

"There are over 10,000 applications related to mobile health of which around 40% are designed for healthcare professionals, which includes remote monitoring and healthcare management applications. Even the Apple iTunes application store has about 6,000 mobile health applications," the report said.