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Interviews

What's Next: Trends Driving the Health IT Market in 2007

by Colleen Egan, iHealthBeat Editor
January 12, 2007



As 2007 approached, it became clear that some obvious factors would affect the health IT landscape over the next few years, most notably the new Congress and the shift to new Democratic majority leadership. Regardless of the recent political changes, some IT issues have slowly been gaining momentum in recent years, such as growing adoption rates of electronic health records and other technology, and they are poised to make an impact on the health IT market this year.

James Brennan -- a managing director of health care and technology mergers and acquisitions with MidMarket Capital, an investment banking and business brokerage firm -- talked with *iHealthBeat* about trends in the health IT market and what factors are driving technology.

Political Push

Health IT over the past few years has emerged as a hot political issue, according to Brennan. "There's nothing like a little governmental stake in the ground to get people rolling," Brennan said.

In addition to federal efforts such as President Bush's 10-year plan to provide most U.S. citizens with EHRs and the creation of the Office of the National Coordinator for Health IT, bipartisan groups of lawmakers have come together to propose health IT legislation.

Although House and Senate lawmakers did not pass a reconciled bill in the last Congress, health IT remains among the priority issues that have been discussed for the new session.

Going Mainstream

Another motivating factor is the health industry's growing mainstream acceptance of wireless applications and other technology.

"We continue to see no shortage of dollars spent on new medical devices," Brennan said, noting that MidMarket is seeing new expenditures in areas such as software, handheld computing and wireless connectivity.

"According to Irving Levin Associated, the publisher of the Dealmakers Forum, there were 991 health care [mergers and acquisitions] deals in 2006, with 471 of those in the health care technology segment," according to Brennan. He added, "We believe that the number of deals will continue to rise as the industry continues to consolidate; however, the total [dollar amount] per deal will decline."

He said recent growth in IT spending was not because of a drop in the price of health IT applications, which he noted are not getting any cheaper, but rather because more hospital boards are agreeing to spend

on technology.

According to Brennan, four key drivers of technology are:

- **Technology Integration:** CIOs prefer "an integrated approach" to technology moving toward interoperability, such as more comprehensive, multifunction IT applications.
- **"Best of Breed":** These are IT applications that are "smaller, niche department players," as opposed to larger, "one-size-fits-all" health information systems, he said. Brennan added that he is "seeing a trend toward more best-of-breed adoption despite suggestions that integration [and] 'bigger is better'" systems are preferable.
- **Language Issues:** The standardization of names and terms would aid interoperability. According to Brennan, requests for proposals increasingly are requiring standard languages such as SNOMED.
- **Instant Information Access:** Technology is enabling real-time data acquisition and decision-making through tools and applications such as wireless computing, handhelds, voice activation and decision support, according to Brennan.

Brennan also identified "hot segments" that are shaping the direction of health IT innovation and investment: consumerism; wellness and disease management; local systems integration and regional health information organizations; and emergency preparedness. In addition, Brennan cited the efforts of patient safety and quality organizations such as the Leapfrog Group and the Agency for Healthcare Research and Quality for "providing increased momentum" for IT adoption. However, Brennan notes that it was not until the "big industry players" started funding some of the initiatives that serious change began.

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[Agency for Healthcare Research and Quality](#)

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