

The Price of Healthcare Outsourcing: Redundancy



Recently, [Modern Healthcare](#) reported that Emblem Health laid off 250 staff members, or 7.5 percent of the company's workforce, after deciding to outsource all of its tech work to services company Cognizant.

CEO Karen Ignagni said outsourcing the work was part of critical modernisation for the company's future.

Ignagni took up the post last autumn and, since then, the former Washington D.C. lobbyist and head of America's Health Insurance Plans (AHIP), has struggled to achieve a financial turnaround.

A Crain's report said Emblem's insurers, GHI and HIP, had a combined net loss of \$113 million in 2015.

Outsourcing is not new to healthcare. For years hospitals have outsourced services such as catering, landscaping and lab tests in a bid to reduce and contain expenses.

Deciding on build-or-buy for IT, is fast becoming a decision healthcare facilities must face. Owing to the complexity of implementing tech and security alarms where information hackers hold hospitals ransom in payment for data demands, many healthcare facilities are now having to decide on investing in an in-house team to deal with IT or contract services out to a third party.

Many of the affected employees have been asked to accept jobs from Cognizant.

"This step will allow us to create a stronger company that will deliver innovative products, continue our leadership in value-based care, improve service to our members, and provide us with greater agility in this ever-changing environment," an Emblem spokeswoman said.

In a video to employees posted on YouTube, Ignagni explained that the Emblem Health had "come to realise that building our own technology would require hundreds of millions of dollars and require time that we didn't have."

A group of staff affected by the cuts protested against the move outside company office in Manhattan.

The move highlights a growing debate over outsourcing IT jobs, moving employment offshore and using H-1B visas. Such visas allow companies in the U.S. to employ workers with specialised skills from overseas.

Meanwhile, in a bid to protect jobs on the other side of the Atlantic, in 2017, the UK government has decided it will impose a migrant tax on overseas workers which will affect parts of the healthcare sector.

In an article on outsourcing, [Healthcare Business Tech](#) stresses the need to deal with in-house staff fears. It says that most outsourcing partners will keep on the majority of the hospital staff for a successful transition.

"However, in the best interest of your employees, make sure whatever service provider you go with offers similar healthcare, retirement and other benefits that you do so that your employees remain happy, content and well compensated," it says.

Source: [Modernhealthcare](#)

Image Credit: PCG Services

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