

Health Care Sees Safety in RFID

A survey shows that the biggest health-care players are deploying RFID at a faster pace, with spending expected to jump industry-wide in 2007.

By Jonathan Collins

Nov. 23, 2005—U.S. health-care companies are increasingly seeing adoption of radio frequency identification as a major potential contributor to safety across the industry, according to a new study, but it is the biggest health-care players that are generally moving the quickest and investing in large deployments of the technology.

The “RFID in Healthcare Survey” was carried out online in September and October for [BearingPoint](#) and a Chicago-based health-care industry group, the [National Alliance for Health Information Technology](#) (NAHIT). In total, 313 commercial and government health-care organizations were included in the survey, 95 percent of which were based in the United States. Eighty-five percent of respondents reportedly were executives for commercial and government health-care providers, while pharmaceutical makers, medication suppliers/distributors, manufacturers of RFID equipment and technology service providers accounted for the rest. The goal, say BearingPoint and NAHIT, was to understand the drivers and barriers for RFID adoption within the health-care sector.

Survey participants, regardless of their company’s size, cited patient safety as the key benefit to deploying RFID, with 70 percent of respondents rating it chief among benefits. How far a deployment or trial had progressed, however, was a largely a factor of how big the company was.

The survey’s respondents worked at organizations ranging in size from fewer than 100 employees, comprising 2.5 percent of participants, to 10,000 employees or more (15.2 percent). The majority of respondents (31.6 percent) worked for companies with 1,000 to 2,499 employees.

Annual IT budgets ranged from less than \$1 million to \$500 million or more. Of participating organizations with an annual IT budget greater than \$100 million, 30 percent said they had already deployed some RFID technology, compared with just 13 percent of organizations with smaller budgets. Even so, 9.3 percent of all respondents have deployed RFID to some extent—a figure larger than BearingPoint had expected, and one it believes shows a shift in how the health-care sector is using IT.

“Health-care providers are further along with RFID than we had anticipated,” says Nicholas Evans, director for BearingPoint’s Global RFID Solutions practice. “Health care has traditionally been a late adopter when it comes to new technologies. RFID adoption is reflective of the health-care industry’s move to exploring new technologies and how it can exploit them.”

Much of the spending disparity between the large and small health-care providers highlighted in the study relates to the cost of deploying RFID. Fifty-seven percent of respondents said a lack of available funding for deployment has been a difficult hurdle to overcome, while 46 percent cited the cost of RFID tags and readers as a major barrier to adoption.

Industry-wide, however, respondents indicated they believe spending on RFID will dramatically increase beginning in 2007. Nearly 74 percent of respondents said they anticipate their companies will invest in RFID by that year, with nearly 39 percent expecting their firms to spend \$250,000 or more on the technology in 2007 and 2008. Large organizations plan to spend considerably more—\$1 million to \$5 million—during that same two-year period.

Driving that spending, says Evans, will be a shift from pilot RFID projects to what he calls “production systems”—expanded live RFID deployments. “We will start seeing asset-tracking trials moving into live production systems next year, while [due to their greater complexity] medication administration and patient safety system deployment will lag slightly behind, becoming production systems later next year and into 2007.”

The survey established that RFID technology is being used for a wide variety of applications within health-care organizations, including patient flow management, access control and security, supply chain systems and smart shelving. On the other hand, it also determined that the most popular areas for RFID deployment during the next two years would be using real-time medical equipment-tracking systems and patient safety systems, such as for identification and medication administration.

The results of the “RFID in Healthcare Survey” will be discussed in a BearingPoint webinar set for Dec. 6, at 11 a.m. EST. To register, visit [BearingPoint's Web site](#). A full copy of the survey results will be provided to each participant.

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