

## THE USE OF OUTSOURCING IN MEDICAL ENTITIES

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**Abstract:** *The diversity of tasks performed by medical entities makes a growing number of units which want to focus on core tasks (providing medical services), giving the execution of auxiliary tasks (eg. laundry, cooking, cleaning, and protection of property) to other entities. This stems primarily from a desire to reduce the costs associated with the auxiliary tasks and reduce activity in the areas in which the entity is not specialized and do not intend to specialize. The article presents the results of research on this, to which extent the medical institutions used outsourcing services, with particular emphasis on the type of emitted functions and activities and the reasons for the decision to make use of the outsourcing.*

**Keywords:** *outsourcing, medical entities.*

**JEL Classification:** *M10, M40*

### 1. INTRODUCTION

Outsourcing is today one of the key concepts of management. It is widely used in various areas of activity undertaken by various organizations and institutions, both in the developed and developing world [1]. In recent years, outsourcing has become very popular also in Polish medical entities. It is worth noting that in the initial period, when outsourcing was only entering the Polish medical facilities, often was treated (glorified) as the ideal tool for rationalizing of the operating costs of the facilities, and less attention was paid to the quality of the services provided by external companies. Currently, outsourcing is already considered by the directors of these institutions as a concept (method) of management, which needs to be applied when in the unit and in the situation such a solution simply pays off.

The use of outsourcing in medical entities (hospitals) can be divided into three main groups: non-medical support services, medical support functions and purely medical processes. The first group of service is still the most common and concerns among the others: security, cleaning, catering, as well as the administrative area, eg. IT services. Usually medical facilities start their "adventure" with outsourcing from these particular areas. An example of medical support functions include diagnostic imaging or laboratory diagnostics as well as medical transport. While a third group is the full outsourcing of certain hospital departments or teams - eg. a radiological or anesthetic. For now, this type of outsourcing is not widespread in Poland, but develops in other European countries, enabling rational cost management [2].

The remainder of this paper presents the results of research on the use of outsourcing in Polish medical entities on the selected research group from the province of Malopolska and Silesia.

### 2. CHARACTERISTICS OF STUDIED MEDICAL ENTITIES

Research on the use of outsourcing in medical entities were carried out in late May - June 2015. The study was attended by 60 medical entities of the two provinces, of which 42 were from the province of Malopolska and 18 of

the Silesian province. Among the study group of entities 24 are public institutions, while the remaining 36 are private medical entities. Analyzing the studied entities due to the nature of the medical activities: 26 of them were hospitals, while the remaining 34 were health clinics (primary health care). The main source of financing of surveyed medical companies funds are received from contracts with the National Health Fund, which in Poland is the payer of health care services financed from public funds of the state (81% of responses). Private funds constitute a relatively smaller share in financing of surveyed companies (34% of responses) and relate primarily to non-public entities medicines - these funds usually come from businesses (buying medical packages for their employees) and individual patients. Among the other sources of financing are minor measures, which come from the state budget (4% of responses) or business (2% of responses) or other sources (1.6%), eg. medical schools. These measures are not of great importance, as they represent only a small percentage for the surveyed medical facilities. Most of the surveyed institutions belongs to the group of large companies in terms of number of employees. These are employers giving employment for 800 to 1500 people (16% of the responses). Next, there are the entities employing in the range of 300-800 people (13% of responses). Slightly fewer establishments employ 200 to 300 workers (11%). The smallest tested medical entities employ 400 workers (3.6%) and in the range of 120 employees (1.9%).

To collect and develop empirical material analysis methods and interpretation of logical diagnostic survey method were used, using a questionnaire, which was sent to the directors (owners)/ representatives of those medical entities.

### 3. PRESENTATION OF OWN RESEARCH RESULTS

As part of the research in the first place, respondents were asked whether they use outsourcing at all. As part of this question to respondents were explained that the concept of outsourcing should be understood as a commissioning of performing of certain functions or activities to external entities or the use of the resources of third parties. The vast majority of surveyed medical

companies declares that uses the services of external companies (93.3%). Only a few respondents answered that they do not use outsourcing (6.7%). Respondents not benefiting from outsourcing were asked to indicate the reasons for not using this method of management in its medical entity. The most commonly cited reason for not using the outsourcing in these medical facilities was simply to have adequate capacity of own resources and the lack of need.

On the other hand, respondents who use the services of external companies were asked what were the reasons for the decision to use outsourcing in their facility. The responses are shown in Table 1.

**Table 1** Reasons for the decision to use outsourcing in medical entities.

REASONS FOR THE USE OF OUTSOURCING	% OF RESPONSES
the need for financial savings	73.0
focus on core business establishments	56.4
lack of funds for restoration and modernization of own resources	48.6
the positive experience of other institutions	24.0
access to the latest knowledge and technology	21.2
low productivity of employees performing the function / activity	3.4

Source: own collaboration

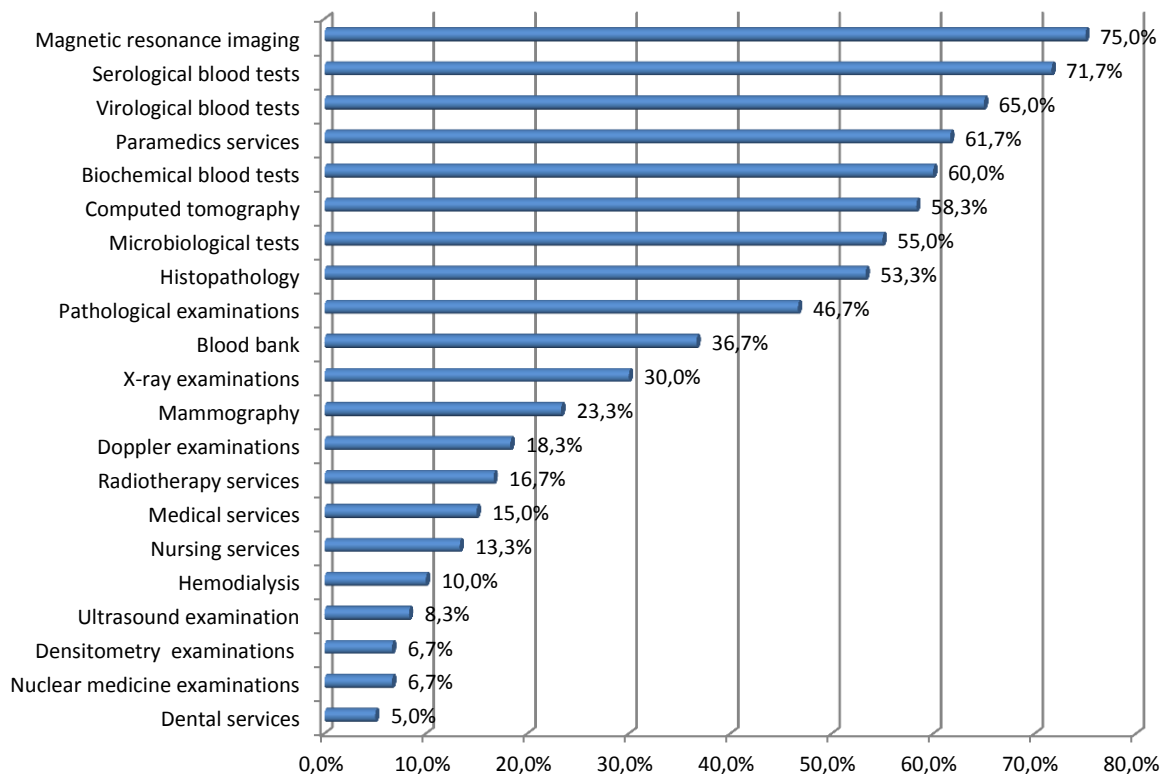
The most common reason for the decision to use outsourcing facility, respondents acknowledged the need to make savings (73%). Another important reason for the use of outsourcing was to focus its attention on the implementation of the core business establishments

(56.4%), and lack of funds for restoration and modernization of their tangible assets (48.6%). Another reason for the use of outsourcing was a positive experience from the implementation of the outsourcing of other institutions (25.4%) and access to the latest knowledge and technology (21.2%), although the number of indications for this reason is much smaller. While only few medical entities for the cause of the use of outsourcing pointed the low productivity of their employees performing the function or activity (3.4%).

In almost every subject you can make the division of the realized activities for medical and non-medical. As part of the research the identification of the type of function or tasks submitted by the surveyed medical entities to outside companies through outsourcing were made. As is clear from the responses, most medical facilities use outsourcing as part of outsourcing functions and tasks other than medical (72.4%). In contrast, the functions and tasks which are considered purely medical are realized with the use of outsourcing, by only 1/3 of surveyed medical companies (27.6%).

Next, respondents were asked what functions / tasks of a medical character were commissioned to external entities within the framework of outsourcing contracts. The results are presented in Chart 1.

As is clear from the research the most frequently commissioned service within outsourcing magnetic resonance imaging examination (75%). This fact does not arouse surprise because of the high cost of buying such a device and its relatively rare use within a single facility. Often outsourced services are also serological testing of blood (71.7%), virological examination of blood (65%) and paramedics services (61.7%).



**Figure 1** Medical functions/tasks ordered by medical entities through outsourcing  
 Source: own collaboration

Then, in the order, the survey includes such types of medical services, as blood biochemical tests (60%), computed tomography (58,3%), microbiological examination of blood (55%) and histopathology (53,3%) and pathological examination (46.7 %). Slightly less medical entities benefit from services such as blood bank (36.7%), x-ray (30%) and mammography (23.3%).

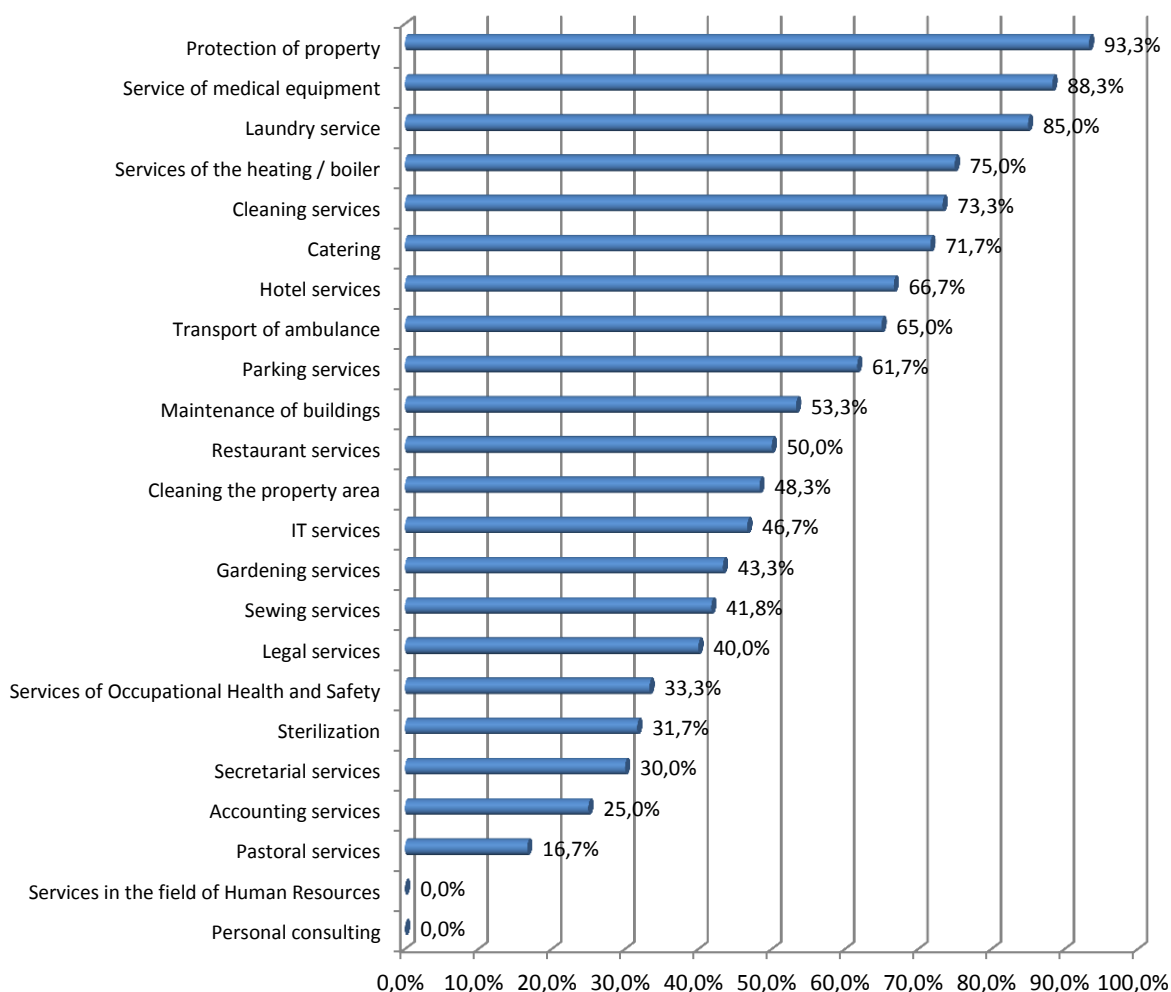
The studied subjects much less likely use outsourcing services for such services as Doppler examinations (18.3%), radiotherapy services (16.7%), medical services (15%) and nursing services (13.3%) and hemodialysis (10%). In only a few medical centers that have been tested, ordered out the ultrasound examination (8.3%), the densitometrical studies (6.7%), nuclear medicine study (6.7%) and dental services (5%) . This is due to the fact that the majority of companies surveyed already have this type of service at home, and their implementation is feasible, using its own resources. This means that the audited entity is able to provide their patients with appropriate medical care, because it has the necessary equipment and adequate staff to perform the services in medical devices. However, some smaller entities must outsource them to an external party to be able to provide comprehensive medical care to their patients.

You should also pay attention to the fact that not all of the tested medical entities need to outsource indicated above (before) medical services (examinations), which for

the purposes of this study are listed. The most frequently indicated types of medical services that are not contracted for outsourcing by the surveyed medical entities due to the ability and willingness to implement them using its own resources were among the others .: ultrasound (87%), nursing services (75%), Doppler study (73%), medical services (62%) and x-ray (58%). This is due to the fact that these are some of the most basic services (research) medical treatment which entities should provide their patients.

As part of the study respondents were also asked about what functions / tasks of non-medical character were commissioned to external entities within the framework of outsourcing contracts. The results are presented in Figure 2.

As is clear from the research among the most frequently outsourced services by medical entities are services such as: protection of property (93.3%), service of medical equipment (88.3%) and laundry service (85%), followed by the heating services (75%), cleaning (73.3%), catering (71.7%), hotel services (66.7%), transport of ambulance (65%) and parking services (61.7%). Much less frequently outsourced services were maintenance of buildings (53.3%), restaurant services (50%), cleaning the land of property (48.3%), IT services (46.7%), and gardening services (43.3%), sewing (41.8%) or legal (40%).



**Figure 2** Non-medical functions/ tasks outsourced by medical entities through outsourcing.  
 Source: own collaboration

Not many of the tested medical subjects declare that in the form of outsourcing ensures the implementation of services such as: occupational health and safety (33.3%), sterilization (31.7%). In contrast, the relatively low level of outsourced services was noted for such services as: office services (30%), services in the field of accounting (25%) or pastoral services (16.7%). Respondents did not indicate the use of external companies for such as services in the field of HR and HR consulting services.

Protection of property is undoubtedly the service that is not related to the core benefits offered by medical entities, but necessary for the maintenance and operation of these units. The provision of such services is often associated with the necessity of employment of skilled workers, often with certain privileges specific to this type of service. In the case of the service of medical equipment it is necessary to have specialized knowledge and technical skills that have only specialists. Hence, medical entities often decide to outsource these services to the outside. A high percentage of indications can also be seen in the case of heating, which is often due to the fact that medical facilities are connected to the power plant and not have their own, separate heating system. In this case, in principle, there is no other choice but to use the services of power plants in the form of outsourcing. Outsourcing laundry and cleaning services to outside companies also seems to be beneficial for subjects tested drugs. These companies offer a comprehensive and 24-hour realization of this type of service and they take responsibility for the maintenance of clean clothes, clean indoor control of the purity, the provision of appropriate staff and chemical products. Several times a year within the single contract the medical entity can take advantage of additional services, such as washing windows at height, elevation washing, gardening outside the building or operation of cargo-passenger cranes. Directors of medical institutions opt for outsourced maintenance of cleanliness and order, also because of the desire to improve the quality of purity in their units, or the ability to reduce the costs of such services. External companies specializing in such services often has better capabilities and skills of proper organization of work, and thus achieve better results with fewer people and resources to work. Intense competition for such services on the market also makes that they are becoming cheaper and more available for a larger number of interested institutions. On the other hand, in the case of catering services examined medical entities outsourced to external companies most often due to the fact that the implementation of such services themselves must meet high sanitary standards. The maintenance of these standards in practice, in many cases require a thorough renovation of the

kitchen and replacement of equipment and infrastructure facilities aimed at the preparation and storage of food, and this is associated with high costs. Therefore, most institutions choose to outsource these services. Similarly, although rather due to the lack of adequate resources, is the case of hotel services or ambulance services and parking services. Maintaining this kind of infrastructure or vehicle fleet and associated personnel, it is usually for those medicines very expensive, so they decide to outsource.

For other types of non-medical services most commonly tested entities implement them on their own having adequate resources, whether material or human, and where such resources are missing, then benefit from outsourcing. Often, as in the case of IT or legal services medical entities will pursue them alone, for the protection and safety of data and information, hence the number of responses is relatively small. On the other hand, only in exceptional cases investigated units use outside companies for services in the field of HR and HR consulting services, as they have in their personal resources appropriately skilled workers and do not see the need in this field of outsourcing.

#### 4. CONCLUSION

Based on the results obtained from the research can be concluded that the tested medical entities in the vast majority benefit from outsourcing, commissioning external companies both non-medical services (which constitute the majority), and medical. Reasons which were the basis for the decision on the use of outsourcing are many, but most often it stems from a desire to introduce financial savings as the primary benefit flowing from the application of this method of management. Developing this topic it should be stressed that medical entity often does not have sufficient funds to purchase the necessary equipment (eg. magnetic resonance imaging), or for carrying out the service on their own (eg. catering). An additional obstacle is the lack of having properly qualified medical staff, whether it is to operate medical equipment (eg. resonance), or to perform specialized testing (eg. nuclear examinations). It is also worth noting that many of the services available to patients within the medical care is not implemented by the audited entities due to the fact that "they do not have such a need." This means that the demand for the use of outsourcing many services in such entities is relatively negligible or not present at all (eg. The services of accountants and HR consulting). Nevertheless, according to the study, examined medical entities overwhelmingly opt for outsourcing services to external companies because it is simply profitable (ie. it brings them greater savings and benefits).

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