

Perceptions of Information Privacy in Outsourcing among Healthcare Executives: An Empirical Analysis

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ABSTRACT: *This study provides an in-depth discussion of the various issues, incidents, and next/best-practice models regarding privacy in the outsourcing of services requiring the usage of Protected Health Information (PHI). In addition, a survey of 33 hospital executives within the United States at the Vice-President level and above was conducted, relating their individual attitudes and perceptions of privacy in outsourcing to the actual policies and practices of their organization. Convenience sampling was utilized to identify respondents, who were referred to an electronic version of a 23 question survey. Responses indicate that a link exists between the perceptions of hospital executives and the hospital's policies and procedures. The study also reinforces a number of best practice models and implies a need for executives to stay informed regarding potential issues in choosing outsourcing partners.*

KEYWORDS: *Healthcare, Offshore Outsourcing, Information Privacy, Health Insurance Portability and Accountability Act (HIPAA), Protected Health Information (PHI).*

1. Introduction

As in other industries, outsourcing has become a powerful tool for many healthcare executives looking to reduce costs or address a myriad of organizational pressures (Davino, 2004). However, the dynamic nature of this industry and the highly sensitive nature of personal health information create a number of issues that should be considered prior to engaging in outsourcing activities. To better understand these issues, background information will be provided regarding the nature of outsourcing in the healthcare industry.

1.1 What is outsourcing?

Outsourcing, the contracting of traditionally internally provided goods and services to outside third party contractors, has quickly become a \$4 trillion-a-year business. Healthcare providers, along with many businesses, have utilized outsourcing to reduce their bottom line and address a number of operational issues within their organizations. Initially, outsourcing was only utilized to provide noncore hospital services such as food