

## **Comparing the True Cost of Outsourced Clinical Engineering Versus In-House HTM Programs**

Hospitals across the United States have increasingly turned to outsourced clinical engineering, biomedical, and Healthcare Technology Management (HTM) models in an effort to reduce operating expenses, stabilize staffing challenges, and simplify management oversight. On paper, outsourcing agreements often present compelling short-term savings through reduced labor costs, predictable contract pricing, and the transfer of administrative responsibilities to a third party. However, a deeper cost comparison over time frequently reveals that outsourced models introduce hidden expenses and operational tradeoffs that can exceed the cost of a well-structured in-house HTM program.

Outsourced clinical engineering programs typically bundle labor, parts management, compliance support, and reporting into a single contract. While this structure can reduce immediate budget pressure, hospitals often lose transparency into how costs are allocated and how decisions are made. Staffing levels are commonly reduced to meet contractual margins, resulting in fewer on-site technicians, increased reliance on third-party service vendors, and longer response times. Over time, hospitals may experience higher per-device service costs, increased downtime, and greater dependence on external providers for even routine support. Additionally, contract escalators, scope exclusions, and change orders can drive annual cost increases that exceed internal labor growth.

In contrast, in-house HTM programs offer hospitals direct control over staffing, priorities, and performance. While internal programs require upfront investment in salaries, training, tools, and leadership, they provide long-term cost stability and flexibility. In-house teams develop institutional knowledge of equipment history, clinical workflows, and risk profiles that cannot be replicated by rotating outsourced staff. This familiarity enables more effective preventive maintenance, faster troubleshooting, and better alignment with clinical needs. Hospitals with strong internal HTM programs often reduce reliance on external service contracts, negotiate more favorable vendor agreements, and achieve higher equipment uptime with lower total cost of ownership.

From a compliance and risk perspective, in-house programs also provide greater accountability. Internal teams are directly aligned with hospital policies, accreditation standards, and patient safety goals, rather than contract metrics. This alignment reduces the risk of documentation gaps, audit findings, and deferred maintenance issues that can result in financial penalties or unplanned corrective actions. Over time, these avoided risks translate into meaningful cost savings that are rarely captured in initial outsourcing proposals.

When comparing costs holistically, the true financial impact extends beyond labor line items. Factors such as service contract leakage, device downtime, capital planning inefficiencies, loss of internal expertise, and reduced operational agility must be considered. Many hospitals that initially outsourced for savings later face higher long-term expenses, reduced control, and diminished strategic capability within their HTM programs.

This analysis demonstrates that while outsourcing may deliver short-term financial relief, a disciplined, well-managed in-house clinical engineering program often provides superior long-term value. By retaining control of people, processes, and technology decisions, hospitals can better balance cost, compliance, safety, and performance in support of their clinical mission.

## **Clinical Engineering / HTM Cost Comparison Data Capture Form**

### **Organization Information**

- Hospital / Health System Name
- Facility Type (Academic, Community, Critical Access, Multi-Hospital System)
- Number of Licensed Beds
- Annual Patient Volume (Inpatient / Outpatient)
- Geographic Region
- Current HTM Model (Outsourced / In-House / Hybrid)

### **Clinical Asset Inventory Profile**

- Total Number of Managed Medical Devices
- Percentage of High-Risk / Life-Support Devices
- Average Device Age
- Estimated Replacement Value of Inventory
- Number of Imaging, Diagnostic, Therapeutic, and Monitoring Devices
- Devices Under Manufacturer Service Contracts
- Devices Supported by Third-Party Vendors

### **Staffing and Labor Costs**

- Number of On-Site HTM / Biomed / CE Staff
- Job Roles and Headcount (Director, Manager, Technician Levels)
- Average Salary and Benefits per Role
- Annual Overtime Costs
- Training and Certification Expenses
- Contractor or Temporary Labor Costs
- Staff Turnover Rate (Annual %)

### **Outsourced Program Cost Elements (*if applicable*)**

- Annual Outsourcing Contract Cost

- Contract Escalation Percentage
- Scope Inclusions and Exclusions
- Parts and Materials Included / Excluded
- Vendor Call-Out Costs Outside Scope
- Imaging or Specialty Equipment Surcharges
- Penalties or Incentives Tied to Performance Metrics

#### **In-House Program Cost Elements (if applicable)**

- Total Annual Labor Cost
- Tools, Test Equipment, and Software Expenses
- CMMS Licensing and Support Costs
- Parts Inventory and Logistics Costs
- Leadership and Program Management Costs
- Internal Compliance and Documentation Resources

#### **Service Contract and Vendor Spend**

- Total Annual OEM Service Contract Spend
- Third-Party Service Contract Spend
- Percentage of Inventory Under Full-Service Contracts
- Contract Utilization Rate
- Annual Contract Cost Increases
- Cost Avoidance from Contract Optimization

#### **Operational Performance Metrics**

- Average Response Time
- Average Repair Turnaround Time
- Preventive Maintenance Completion Rate
- Equipment Uptime Percentage
- Deferred Maintenance Backlog

- Number of Service Calls per Device per Year

### **Compliance and Risk Indicators**

- Regulatory Findings Related to Medical Equipment
- Audit Readiness Status
- Documentation Accuracy and Completeness
- Cybersecurity Risk Assessments Completed
- Incident Reports Related to Equipment Failure

### **Capital Planning and Asset Utilization**

- Annual Capital Spend on Medical Equipment
- Capital Requests Approved vs Deferred
- Replacement Planning Methodology
- Utilization Tracking in Place
- Cost Avoidance or Deferral Achieved Through Data

### **Intangible and Strategic Factors**

- Level of Control Over Staffing Decisions
- Visibility Into Asset Performance Data
- Alignment With Clinical Leadership
- Institutional Knowledge Retention
- Flexibility to Adjust Service Levels
- Impact on Patient Care and Clinical Satisfaction

### **Summary and Comparative Notes**

- Per-Device Cost (Outsourced vs In-House)
- Total Cost of Ownership Comparison
- Identified Hidden or Indirect Costs
- Operational Strengths and Weaknesses
- Long-Term Financial Sustainability Assessment