The Legacy Tech Dilemma

A MediQuant Briefing on the Data Strategy Shift Reshaping Healthcare IT Investment

Health systems are generating about a third of the world's data, but most are still running it through infrastructure built for a different era. This guide brings together six perspectives on modern data archiving, M&A and EHR transitions, and where healthcare IT investment is headed next — drawn from MediQuant's work with hospitals and health systems nationwide.

52%
of health systems run 6–30 disparate legacy systems

70%
of large EHR migrations fail or need major rework

96%
of health system CFOs are prioritizing digital transformation

The Healthcare Data Paradox

Driving Innovation While Managing Legacy Systems

Healthcare organizations are at a critical inflection point: the industry is generating about one-third of the world's data, but health systems need new ways to make that information actionable to support value-based and patient-centered care. Harnessing technology to make data more accessible, archiving obsolete data systems in a useful way, and preparing for emerging business, operational, and clinical use cases are now central to how providers compete.

Three trends stand out:

- Health systems are relying on siloed legacy information infrastructures that lack advanced data management capabilities. To transform raw data into a strategic asset, organizations need enterprise-level tools and services. A survey found that 52% of respondents' organizations operate between 6 and 30 disparate systems, while 17% operate more than 50 — and 50% are using two or more EHRs.
- There is a sense of urgency among CIOs about an enterprise approach to data archiving, too. This encompasses archiving outdated data systems in a way that preserves access to the data contained in them, valuable for research or software development. Survey respondents cited scalability as the number one concern for CIOs regarding their institutions' existing archival strategies.
- An enterprise single-vendor strategy for data archiving trumps a multi-vendor strategy. Traditionally, different departments, hospitals and physician practices in a health system have contracted third-party providers based on specific internal needs, without regard for how the solution may interface with other parts of the organization. The need for consolidated data is creating pressure for more standardization and for enterprise vendors that can deliver reliable results.

Reducing Technical Debt During M&A

How Healthcare Data Archiving Solutions Protect Value in Mergers and Acquisitions

Every organization faces the challenge of technical debt, but it's especially tough for hospitals and health systems. Managing hundreds of IT applications is not easy, especially when each one plays a critical role. Following a merger or acquisition, the complexity of managing these applications increases exponentially.

According to research firm Kaufman Hall, hospital and health system M&A activity increased 23% in 2023, with 65 announced transactions. A global survey of 1,000 tech executives shows that organizations spend more than 30% of their IT budgets and more than 20% of their IT personnel resources on addressing technical debt, and nearly 70% believe that dealing with technical debt hampers the ability to innovate.

1. Understand Your Software Landscape

The first step in any application archival strategy is to fully understand the software application landscape — both current and historic. This is where application rationalization becomes crucial: conducting a thorough inventory of all

applications to identify overlaps, redundancies, and outdated ones for potential archival. **Millions of dollars are often wasted on IT applications that are little used, if at all**, and these applications also increase the cyber-attack surface.

As Dr. Kel Pults, Chief Clinical Officer and Vice President, Government Strategy at MediQuant, says, "Healthcare leaders should avoid stepping over a dollar to save a dime. Properly managing and archiving your IT applications now can prevent much larger expenses down the road."

2. Define Your Data Retention Requirements

Data retention requirements can vary widely, depending on the type of legacy data and the state(s) where a health system operates. Generally, medical records should be kept for 10 years after the last encounter or a patient's death, and in some states childhood medical records must be retained for nearly 30 years. Financial and operational data is also finding new life beyond the usual seven- to 10-year retention policies the IRS, Joint Commission, and other entities often impose.

3. Set Realistic Data Transfer Deadlines

Once an acquisition is complete, a clock starts ticking on how soon the acquired organization's applications will be migrated to the new owner. Failure to meet agreed-upon timelines can result in financial penalties until the transfers are complete, and EHR/EMR migration is particularly time-consuming. Effective transition service agreements that specify timelines and responsibilities for data transfer are crucial.

4. Build a Healthcare Data Archiving Core Competency

Cross-disciplinary teams that include clinicians, financial staff, IT, HIM, and legal staff can offer valuable perspectives on various aspects of an archival strategy. MediQuant President and CEO Jim Jacobs, drawing on panel discussions with CIOs from leading healthcare systems, offers this advice:

> **By involving diverse stakeholders and filling gaps in skills through training and partnerships, organizations can build a strong archiving competency that meets immediate needs and sets the foundation for the future.**
>
> **— Jim Jacobs, President and CEO, MediQuant**

By understanding the software application landscape thoroughly, adhering to data retention standards, building a core competency on archiving, and setting realistic migration timelines, hospitals and health systems can tackle technical debt successfully — creating a more secure computing environment and freeing up data for new uses.

Leading Seamless EHR Migrations

Best Practices for Replacing Legacy Systems Without Disruption

Replacing an EHR application is more than just another upgrade — it's a critical shift that can reshape an organization. Studies show that up to 70% of large healthcare technology projects, including EHR migrations, either fail or require major overhauls to meet their goals. The stakes are high: financial losses, operational disruptions, and even patient safety could be on the line if the transition goes wrong.

Recognizing When Legacy Applications Are Holding You Back

Legacy IT applications can become significant liabilities as they age, driving up costs, slowing performance, and stifling innovation. As vendor support dwindles over time, organizations are left vulnerable to potential security risks and disruptions — recognizing these signs early is crucial for avoiding a hasty, ill-planned migration.

Data Integrity and Downtime

EHR migration is one of the most challenging aspects of the IT replacement process, since each application has its own unique data structure. A phased approach — where parts of the application are migrated gradually, backed by robust contingency plans — helps keep operations running with minimal disruption to patient care.

Aligning New Capabilities with Business Goals

A new EHR should do more than replace the old one; it should enhance an organization's capabilities and align with its strategic goals. Standard Operating Procedures that document differences between the new and old systems help teams prioritize functionality and identify gaps before migration, and can double as training material for new hires.

Ensuring Organizational Buy-In

The success of an EHR replacement hinges on user adoption. Involving key stakeholders early, providing comprehensive training, and clearly communicating the benefits of the new EHR are critical success factors — once a team understands how the change will improve their work, they adopt it far more readily.

The Piecemeal Approach Problem

Why Health System Finance Leaders Are Moving to Unified Platforms

Ninety-six percent of CFOs surveyed by Black Book Research said digital transformation efforts remain at the forefront of their health systems' financial strategy and operations for 2025–2026. **This overwhelming consensus indicates that the push for digital innovation is not only ongoing but is also critical to the future success and sustainability of healthcare organizations**, Black Book said in a June 21 report.

Black Book surveyed 6,771 health system CFOs, vice presidents of finance and RCM, controllers, business office managers, staff, consultants, and advisors from hospitals and physician practices. The goal of the survey was to identify top-performing vendors in the highly sought-after financial software, technology platforms, and systems category, as well as to evaluate the gaps and urgencies in financial technology administration.

"Our 2024 survey results show a notable trend: instead of buying multiple bolt-on and modular applications, there is a growing preference for choosing a single vendor offering end-to-end capabilities," Black Book founder Doug Brown said in the report. The shift is driven by the need for "cohesive and integrated solutions that streamline operations, enhance efficiency, and ensure financial stability."

> **Providers are realizing that piecemeal approaches no longer meet the increasing demands of the healthcare industry and are moving towards more holistic and robust technology solutions.**
>
> **— Doug Brown, Founder, Black Book Research**

Healthcare IT Spend Balloons

Where Provider and Payer Technology Investment Is Headed Next

Healthcare providers and payers increased their IT spend in the last year and many see additional budget bumps in the future, according to a report compiled by KLAS and Bain & Co.

The report surveys 150 healthcare provider and payer executives across the U.S. More than half of providers said software and technology investments were in the top three priorities for their organizations, and around 80% indicated their IT budgets increased in the last 12 months.

The top five software and digital technology priorities for providers this year include, in order: infrastructure and services (with cybersecurity), clinical workflow optimization, data platforms and interoperability, revenue cycle management, and patient engagement. EHRs were No. 6 on the list and telehealth was No. 8. The top pain points for new technology were costs, EHR integration, and streamlined data access.

"Despite a bias toward 'good enough' solutions from current EHR suppliers, most providers remain open to buying solutions from other vendors," states the report. "This occurs especially in categories that deliver high ROI or that feature rapid innovation."

Generative AI was also top of mind for provider IT leaders, with around three-quarters feeling optimistic about their organization's implementation, though most health systems are still developing governance for AI. The top barriers cited were regulatory and legal considerations (43%), resource constraints (40%), accuracy and hallucination risk (39%), lack of technical expertise (33%), and cybersecurity risk (32%).

A major ransomware attack on a national healthcare technology vendor early this year also affected IT budgets industry-wide: around 70% of providers said they were affected, 44% reported auditing internal systems, and 38% said their organizations increased cybersecurity software spending. "While cybersecurity was already top of mind for most organizations, they are allocating greater efforts and spending to this area," according to the report, "including auditing internal systems and third-party solutions and building redundancy to mitigate future risks."

Anticipating a Tech Transition?

Whether you're navigating a merger, transitioning to a new EHR, or modernizing your IT infrastructure, MediQuant can help. For over 20 years, MediQuant has partnered with healthcare organizations to simplify data management — delivering cost savings, reducing risk, and ensuring seamless transitions.

About MediQuant

MediQuant helps healthcare organizations manage the full lifecycle of their legacy data, from active archiving through secure retirement. The company's flagship product, DataArk, provides a single source of information across clinical, financial, and administrative systems. The information is interoperable, compliant with regulatory requirements such as the FHIR standard, and structured appropriately for use cases that leverage AI and other emerging technologies.

DataArk's active archive support enables seamless longitudinal data interactions, giving clinicians and revenue cycle teams the same access and functionality they had in the original systems — without the cost and risk of keeping legacy platforms running.

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