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## Leadership



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# Leadership: A Disconnect in Perceptions

OF  
**TOP LEADERS**  
SURVEYED:

73

**PERCENT**

Will expand outpatient services to fuel financial growth over the next 5 years

67

**PERCENT**

Say the percentage of employed physicians at their organization will grow in the next 3 years

53

**PERCENT**

Say healthcare reform is having a negative impact on morale at their organization

A big disconnect exists between the way top healthcare leaders view themselves and their organization compared to the rest of healthcare. Perhaps it shouldn't be surprising that senior leaders don't blame themselves or the people they work with for healthcare's myriad problems with cost escalation, overutilization, or poor-quality services. That kind of thinking is human nature. But the width of the divide is troubling for an industry that threatens the long-term stability of the very economy on which we all depend.

In the annual *2011 HealthLeaders Media Industry Survey*, the top leaders of healthcare organizations nationwide shared their opinions about the challenges they face in the upcoming years, in the era of healthcare reform.

As an example of the perception inflation, 75% of respondents said their organization was on the right track, while just 23% say the healthcare industry itself is on the right track. Meanwhile, some 81% of senior leaders thought their organization's medical quality was strong or very strong, which may indicate that senior leaders are getting a dose of realism, at least in how they view themselves; in last year's survey, more than 91% of senior leaders said their medical quality was strong or very strong.

"This is likely an overestimate of strength," says Mark Laney, MD,

president and CEO of Heartland Health, an integrated delivery system in St. Joseph, MO. "Everyone can't be in the top quartile. Are they truly confronting the brutal facts around their own organization, or is there some denial?"

Laney suggests some respondents are deluding themselves if they think their quality and safety is that great. "When you look at the numbers, are you in the top decile?" he asks rhetorically.

"The fact is most organizations don't have top-decile quality and safety, most are not anywhere close to being prepared to launch an ACO, and the healthcare world is going to change because the current trajectory is simply unsustainable."

Other answers reflect a passive attitude about health reform, Laney says, and he was frustrated by a 41% neutral score on a



question that asked how ACOs will affect these executives and their organizations in the next three years. He says many respondents are in denial in that they probably believe the Patient Protection and Affordable Care Act will be delayed or overturned, so waiting is viewed as the prudent option over investment in goals that are not yet finalized.

“This represents a major denial of how significant ACOs will really be and the lack of ability for many organizations to actually create an ACO,” Laney says.

The message about doing more with less in the future is one lesson that isn’t lost on the majority of senior leaders who answered the survey, however. When looking at a list organizational priorities to rank, cost reduction ranked highest with 35% picking it as one of their top-three priorities. That’s the same percentage as in last year’s survey, when cost reduction was ranked third overall and was edged out by quality/patient safety and physician recruitment/retention. For the 2011 survey, quality/patient safety ran a close second, at 33% (down from 40% who cited it as a top-three priority last year). Patient experience/satisfaction tied with reimbursement for third at 27% (down from 34% last year, but up from the fourth-place ranking).

“Everyone can’t be in the top quartile. Are they truly confronting the brutal facts around their own organization, or is there some denial?”

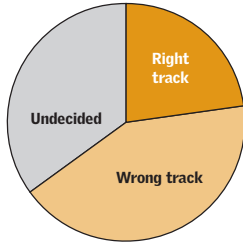
While primary and specialty physician supply was a big concern for many leaders (with 41% and 40%, respectively, saying supply would negatively impact their organization), perhaps it’s still not as much of a concern as it needs to be, Laney says.

“CEOs underestimate that the shortage of primary care physicians could affect their ability to create the medical home.”

—PHILIP BETBEZE



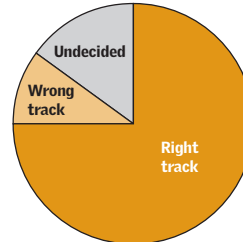
**1. Overall, how do you assess the current state of the healthcare industry?**



Right track – 23%  
Wrong track – 42%  
Undecided – 35%

BASE: 499

**2. Overall, how do you assess the current state of your own organization?**



Right track – 75%  
Wrong track – 10%  
Undecided – 15%

BASE: 498

**3. Rank your organization's top 3 priorities for the next 3 years.**

	Priority 1	Priority 2	Priority 3	2011 Percent selected	2011 Rank	2010 Percent selected	2010 Rank	2009 Percent selected	2009 Rank
Cost reduction	13%	11%	11%	35%	1	35%	3	19%	7
Quality/patient safety	13%	10%	10%	33%	2	40%	1	69%	1
Reimbursement	11%	9%	7%	27%	3	27%	5	29%	3
Patient experience/patient satisfaction <sup>1</sup>	8%	8%	11%	27%	4	34%	4	25%	4
Developing an accountable care organization	9%	7%	8%	24%	5	NA	NA	NA	NA
Care coordination	8%	8%	4%	20%	6	12%	10	NA	N/A
Physician recruitment and retention	6%	7%	7%	20%	7	35%	2	43%	2
Technology system/equipment	4%	7%	7%	18%	8	12%	8	10%	11
Construction/capital improvements	5%	3%	5%	14%	9	22%	6	25%	5
Physician staff ventures/realignment	3%	4%	5%	12%	10	14%	7	11%	10
Dealing with uncompensated care	3%	4%	3%	10%	11	8%	14	NA	NA
Revenue cycle	3%	3%	3%	10%	12	8%	12	23%	6
Employee satisfaction	1%	4%	4%	9%	13	13%	9	10%	12
Mergers & Acquisitions	3%	3%	3%	9%	14	7%	15	N/A	NA
New clinical products/services	1%	3%	3%	8%	15	8%	13	13%	8
Physician employment	1%	5%	1%	7%	16	NA	NA	NA	NA
Leadership development	2%	1%	3%	7%	17	9%	11	9%	13
Nurse/staff recruitment and retention	2%	1%	1%	5%	18	5%	17	12%	9
Episode of care/bundled payments	0%	2%	2%	4%	19	2%	19	NA	NA
RACs	0%	0%	1%	2%	20	5%	16	NA	NA
Base				490		362		312	

<sup>1</sup> In 2009, asked as Consumer satisfaction

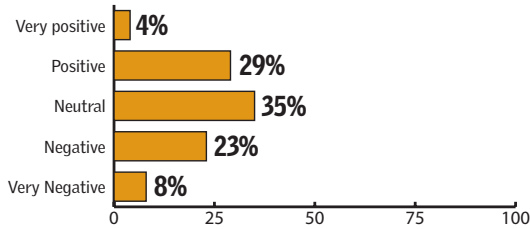


#### 4. How will the following healthcare issues impact your organization in the next 3 years?

	Strongly Positive Impact	Positive Impact	Neutral	Negative Impact	Strongly Negative Impact	Base
EHR adoption	28%	44%	19%	8%	1%	479
Patient experience, patient-centered care	26%	58%	14%	2%	0%	481
Quality improvement initiatives	22%	57%	15%	5%	1%	479
Increase of insured patients	16%	51%	22%	8%	3%	481
Accountable care organization	14%	31%	41%	13%	2%	486
Medical home	12%	29%	49%	8%	1%	478
Comparative effectiveness research	7%	35%	52%	5%	1%	473
Meaningful use criteria	6%	37%	40%	15%	2%	479
Mergers and acquisitions	6%	22%	60%	10%	2%	479
Physician supply, primary care	6%	23%	30%	36%	5%	480
Physician supply, specialty care	6%	23%	32%	33%	7%	475
Episode of care/bundled payments	5%	20%	31%	37%	7%	482
Medicare/Medicaid/Tricare reimbursement rates	5%	6%	15%	51%	25%	481
Private payer reimbursement rates	5%	15%	24%	48%	9%	479
72-hour payment window	5%	16%	45%	28%	5%	475
Stimulus package	5%	25%	51%	14%	6%	479
ICD-10	4%	15%	53%	23%	5%	473
Increased regulatory scrutiny	4%	8%	26%	47%	15%	480
Uncompensated care	3%	3%	17%	49%	28%	477
Nurse supply	2%	15%	52%	29%	2%	483
RACs	2%	7%	38%	38%	15%	473
Malpractice concerns	1%	3%	62%	28%	6%	480
Organized labor	1%	3%	50%	28%	18%	476

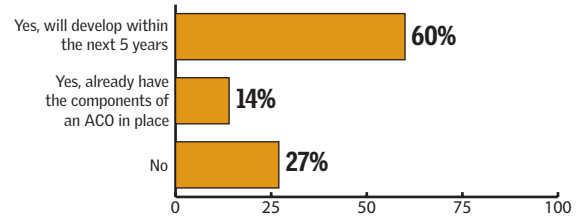


**5. What is your assessment of the Patient Protection Act?**



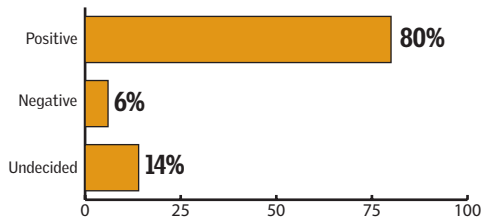
Base: 495

**6. Will your organization be part of an accountable care organization within the next 5 years?**



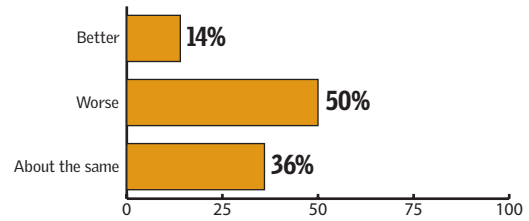
Base: 479

**7. How do you view the growing role of mid-level providers in primary care?**



Base: 496

**8. What is your expectation for your payer-provider relationships in the coming year?**



Base: 496

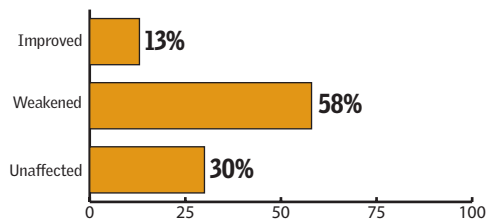


**9. Rank your organization's top 3 drivers of healthcare costs.**

	No. 1 Driver	No. 2 Driver	No. 3 Driver	2011 Percent	2011 Rank	2010 Percent selected	2010 Rank	2009 Percent selected	2009 Rank
Government laws and mandates	26%	18%	17%	61%	1	58%	1	67%	1
Labor costs	32%	15%	12%	60%	2	39%	2	54%	2
Clinical technology	12%	17%	15%	44%	3	20%	7	32%	4
Overutilization of service <sup>1</sup>	10%	8%	10%	28%	4	38%	3	18%	9
Patient lack of responsibility <sup>2</sup>	6%	7%	12%	25%	5	35%	4	18%	8
Pharmaceuticals	3%	10%	8%	21%	6	27%	6	35%	3
Physician inefficiency	3%	7%	10%	20%	7	10%	10	14%	10
Health plan overhead	3%	8%	6%	17%	8	22%	8	21%	5
Medical devices	2%	5%	4%	11%	9	16%	9	18%	7
Malpractice litigation	2%	4%	3%	9%	10	32%	5	19%	6
Hospital errors	1%	2%	2%	4%	11	2%	11	0%	11
Base				484		356		314	

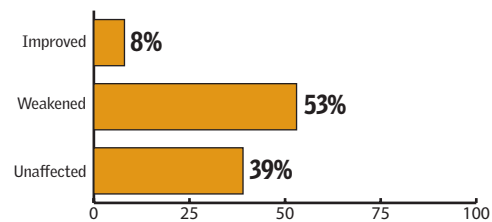
<sup>1</sup> In 2009, asked as Duplication of services  
<sup>2</sup> In 2009, asked as Noncompliant patients

**10. Describe the impact healthcare reform is having on your organization's financial position.**



Base: 495

**11. Describe the impact healthcare reform is having on morale at your organization.**



Base: 497



## 12. How would you rate the current quality/status of these aspects of your organization?

	Very Strong	Strong	Neutral	Weak	Very Weak	Base
Dedication to mission	51%	38%	7%	3%	1%	486
Patient safety	35%	50%	13%	2%	0%	486
Fiscal management	34%	45%	13%	7%	1%	483
Medical quality	33%	48%	16%	2%	0%	489
Nursing staff	26%	48%	20%	6%	0%	482
Patient experience	25%	50%	17%	7%	0%	486
Prospects for growth	22%	39%	24%	12%	3%	485
Physician staff	20%	47%	25%	7%	2%	485
Construction/capital improvements	19%	35%	22%	17%	6%	486
Care coordination	18%	46%	22%	13%	1%	487
Physician recruitment and retention	16%	35%	31%	16%	3%	483
Dealing with uncompensated care	5%	29%	37%	25%	3%	485

	2011 Very Strong/Strong	2010 Very Strong/Strong	2009 Very Strong/Strong
Dedication to mission	89%	88%	83%
Patient safety	85%	NA	NA
Medical quality	81%	91%	89%
Fiscal management	79%	81%	72%
Patient experience	75%	88%	85%
Nursing staff	74%	76%	72%
Physician staff	67%	78%	70%
Care coordination	64%	NA	NA
Prospects for growth	61%	68%	65%
Construction/capital improvements	54%	NA	NA
Physician recruitment and retention	51%	NA	NA
Dealing with uncompensated care	34%	NA	NA



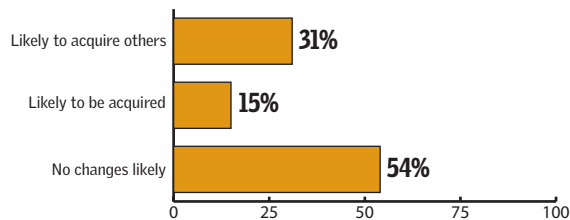
**13. Describe your overall job satisfaction.**

	2011 Percent	2010 Percent	2009 Percent
Very satisfied	37%	45%	49%
Satisfied	46%	43%	42%
Neutral	9%	7%	5%
Dissatisfied	7%	5%	4%
Very dissatisfied	1%	1%	1%
Base	496	359	334

**14. Would you encourage your child to enter a career in the healthcare industry?**

	2011 Percent	2010 Percent	2009 Percent
Yes	80%	82%	83%
No	20%	18%	17%
Base	495	360	334

**15. Regarding merger and acquisition activity in the industry, what do you expect for your organization?**



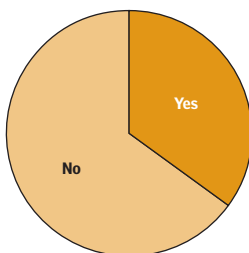
Base: 496



**16. Please rank the following service lines for growth potential within your organization in the next 3 to 5 years:**

	Grow 6% or more	Grow 1%–5%	Remain flat	Decline 1%–5%	Decline 6% or more	Base
Hospitalists	28%	38%	34%	0%	0%	442
Geriatrics	27%	47%	25%	1%	0%	442
Cancer/oncology	24%	42%	32%	1%	0%	440
Primary care	23%	49%	25%	2%	0%	447
Heart (cardiology, cardiovascular, pulmonary medicine, vascular surgery)	23%	39%	34%	3%	1%	439
Emergency medicine	22%	47%	27%	3%	0%	446
Orthopedics	18%	48%	30%	3%	0%	445
Wellness	17%	43%	36%	3%	0%	435
Pain management	14%	46%	35%	5%	0%	446
Imaging/radiology	14%	44%	35%	7%	0%	446
Women's health, OB/GYN	13%	43%	38%	6%	1%	442
Intensive care	12%	36%	50%	2%	0%	439
General surgery	11%	47%	37%	4%	0%	445
Neurosurgery	10%	25%	63%	2%	0%	428
Physical medicine and rehabilitation	9%	42%	44%	4%	0%	447
Psychiatry	9%	28%	53%	8%	3%	440
Spine	8%	34%	52%	5%	1%	430
Sports medicine	8%	32%	54%	6%	0%	441
Sleep	8%	26%	57%	7%	1%	432
Pediatrics	7%	23%	54%	14%	2%	443
Transplant center	4%	10%	75%	6%	4%	389

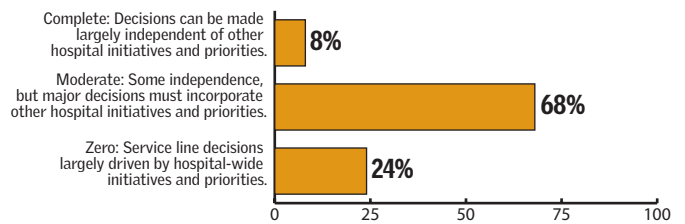
**17. Are you considered a clinical or administrative director of a service line?**



Yes – 35%  
No – 65%

BASE: 494

**18. How much autonomy do the service line leaders have to make strategic and purchasing decisions?**



Base: 485



**19. How effective are comanagement models for service lines?**

	Percent
Very effective	10%
Effective	37%
Neutral	41%
Ineffective	11%
Very ineffective	1%
Base	457

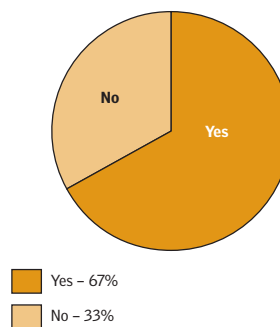
**20. Which of the following titles/roles are represented on your senior executive team (the inner circle that works together on strategic planning)?**

	2011 Percent	2010 Percent	2009 Percent
Chief executive officer	91%	86%	N/A
Chief financial officer	81%	63%	84%
Chief nursing officer	66%	57%	76%
Chief operating officer	58%	44%	62%
Chief medical officer	53%	40%	47%
Chief human resources officer	50%	41%	58%
Chief quality officer	32%	24%	31%
Chief information officer	31%	20%	25%
Chief marketing officer	27%	24%	25%
Chief strategy officer	17%	9%	7%
Service line director(s)	13%	18%	19%
Chief medical informatics officer	8%	5%	2%
Chief innovation officer	3%	3%	1%
Base	493	363	333

**21. What percentage of the physicians who practice at your hospital or health system are employed?**

	Percent
0%	17%
1%-10%	22%
11%-20%	12%
21%-30%	8%
31%-40%	9%
41%-50%	4%
51%-60%	3%
61%-70%	4%
71%-80%	2%
81%-90%	3%
91%-100%	17%
Base	472

**22. Do you expect that percentage to grow in the next 3 years?**



BASE: 472



**23. Which physician relationship models does your organization use?**

	Percent
Full employment	79%
Paid directorships	47%
Management agreements	37%
Joint venture	32%
Volunteer medical staff	28%
Space and equipment leases	28%
Locum tenens	24%
Clinical comanagement	12%
Medical services organization	11%
Block leases	5%
Gainsharing	5%
Deferred compensation accounts	3%
Foundation (CA hospitals)	2%
Base	468

**24. How will you fuel financial growth over the next 5 years?**

	2011 Percent	2010 Percent	2009 Percent
Expand outpatient services	73%	71%	78%
Develop or join an accountable care organization	50%	N/A	N/A
Launch strategic marketing campaign for existing market	45%	46%	42%
Start or increase promising business lines or facilities	45%	57%	61%
Acquire physician practices	41%	29%	N/A
Joint ventures	35%	33%	N/A
Launch strategic marketing campaign for new market	29%	34%	N/A
Acquire or merge with competing or complementary hospitals	23%	17%	20%
Increase inpatient bed capacity	18%	20%	27%
Develop (or partner with) a convenient care facility	14%	14%	14%
Develop or grow non-healthcare-related business lines	10%	9%	7%
Base	478	355	332

Multi Response

**25. Which best describes your total annual salary + bonus compensation package (not counting outside investments or income):**

	Percent
\$100,000 or less	22%
\$100,001 - \$250,000	52%
\$250,001 - \$500,000	20%
\$500,001 - \$1,000,000	5%
More than \$1 million	2%
Base	479

**26. When do you plan to leave or retire from your current position?**

	Percent
Within the next year	5%
1 - 5 years	31%
6 - 10 years	33%
11+ years	31%
Base	490



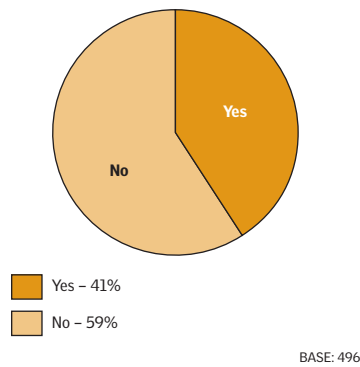
**27. Which best describes your healthcare organization?**

	Percent
Hospital or health system	64%
Critical access hospital	10%
Single-specialty group practice	8%
Multispecialty group practice	6%
Academic medical center	5%
Ambulatory or outpatient center	3%
Physician-owned specialty hospital	1%
Health insurance plan	1%
Base	482

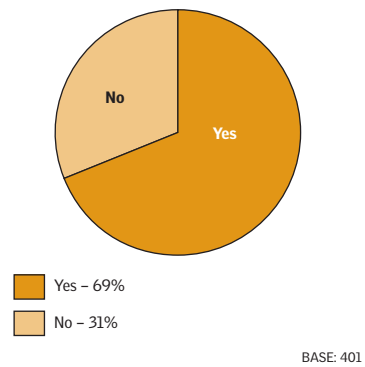
**28. Which best describes your organization by number of beds?**

	Percent
1 - 25 (critical access)	16%
26 - 50	8%
51 - 200	23%
201 - 500	30%
501 - 1,000	14%
1,001+	9%
Other	7%
Base	399

**29. Is your healthcare organization in a rural area?**



**30. Is your hospital a community hospital?**

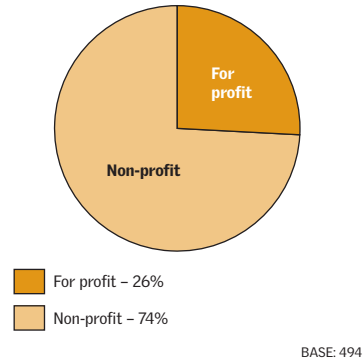




**31. What best describes your primary market area?**

	Percent
Northeast	20%
Southeast	22%
Midwest	32%
Southwest	12%
Northwest	4%
West Coast	6%
Other	4%
Base	497

**32. Which best describes your type of organization?**



**33. Please indicate your age range.**

	2011 Percent	2010 Percent	2009 Percent
35 or younger	5%	3%	3%
36-45	13%	14%	17%
46-55	36%	35%	42%
56-65	40%	44%	36%
66 or older	5%	4%	2%
Base	496	360	334

**34. What is your gender?**

	2011 Percent	2010 Percent	2009 Percent
Male	63%	64%	72%
Female	37%	36%	28%
Base	494	357	334