INDUSTRY SURVEY
HEALTHLEADERS MEDIA 2011

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Physician Leaders

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Physician Leaders: Mixed Messages on Reform, Open to ACOs

OF **PHYSICIAN LEADERS** SURVEYED:

67 **PERCENT**
Say EHR adoption will have a positive or strongly positive impact on their organization

65 **PERCENT**
Say the growing role of mid-level providers in primary care is a positive

40 **PERCENT**
Say fear of lawsuits and defensive medicine are a major influence when ordering tests or procedures

Physicians are enthusiastic about patient quality improvement initiatives while supporting frameworks for increased EHR adoption and accountable care organizations, according to the *2011 HealthLeaders Media Industry Survey*.

But they are upset with the overall impact of healthcare reform, what they perceived as regulatory scrutiny and threats of malpractice litigation, the survey shows. Physicians also are concerned over reimbursement and continued shortages in primary care.

Despite a generally negative response toward healthcare reform, they foresee a positive impact with healthcare reform bringing 32 million more patients, now uninsured, into the system by 2014.

The survey reflects the physicians' priorities over the next three years, which are: cost reduction; quality/patient safety; patient experience and patient satisfaction; reimbursement; developing an accountable care organization; and the need for technology systems.

The key drivers of healthcare costs are government laws and mandates, labor costs, and clinical technology, according to the survey respondents.

Some 45% say they believe the current state of the healthcare industry is on the wrong track; 24% say it is on the right track, while 31% are undecided.

"As seen from the survey, most physicians understand that the current healthcare cost spiral is unsustainable, and are realizing they need to take a proactive rather than simply resistant approach to impacting it," says Martin Hickey, MD, managing director of the healthcare practice for Navigant, the global consulting firm.

There are also generally supportive comments about EHR adoption, with 28% strongly positive and 39% positive. About 13% were negative or strongly negative.

In discussing healthcare issues that would impact their organizations over the next three years, 37% of survey respondents say that ACOs would have a positive impact, while more than 12% were strongly positive. About 15% were negative or strongly negative; 35% were neutral.

"It's invigorating to see the positivity and openness to quality assessment and

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new structures, particularly the small negative numbers about ACOs," says Hickey. "This is critical to successful reform efforts, because without physicians who write the orders and generate the costs with their pen, costs cannot be contained and quality improved."

Physicians herald the quality improvement initiatives with 76% saying they believe such programs will have a positive or strongly positive impact on their organizations.

According to the survey, physicians consider the impact of patient experience and patient-centered care as extremely positive. The survey shows that 60% and 20%, respectively, believe such initiatives will have a positive or strongly positive impact on their organizations.

"The issue is how fast all of the changes noted in their priorities will be able to be executed appropriately as well as digested—by patients and themselves," says Hickey.

Gregory Hudson, FACHE, vice president of strategic planning and marketing for SoutheastHEALTH, which runs the 266-staffed-bed Southeast Missouri Hospital in Cape Girardeau, MO, says the ACO "seems to be the right approach to take, as much as integrating physicians with hospitals. Pulling that all together is the way we should go as a nation," he says, referring to cost reductions and increased quality.

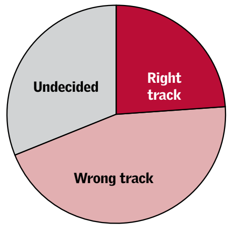
> "It's invigorating to see the positivity and openness to quality assessment and new structures, particularly the small negative numbers about ACOs."

Concerning increased regulatory scrutiny, some 45% say there would be a negative impact over the next 3 years; while 17% are strongly negative. Only 8% say it will have a positive impact and just 4% say it will have a strongly positive impact.

"The fear of regulation is well founded given the past history of CMS," says Hickey of the Centers for Medicare & Medicaid Services. But with the new reform legislation as well as Donald Berwick, MD, as head of CMS, "physicians have the opportunity to both impact and even lead much of the regulation."

—JOE CANTLUPE

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



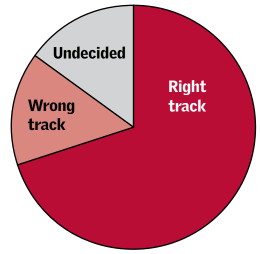
Right track – 24%

Wrong track – 45%

Undecided – 31%

BASE: 268

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



Right track – 67%

Wrong track – 10%

Undecided – 22%

BASE: 269

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	20%	10%	9%	39%	1	37%	3	20%	7
Quality/patient safety	15%	10%	11%	35%	2	38%	1	70%	1
Patient experience/patient satisfaction[1]	9%	14%	10%	32%	3	38%	2	28%	3
Reimbursement	8%	9%	10%	27%	4	32%	5	25%	4
Developing an accountable care organization	9%	8%	8%	25%	5	NA	NA	NA	NA
Technology system/equipment	5%	5%	8%	18%	6	18%	6	18%	8
Physician recruitment and retention	6%	5%	6%	17%	7	33%	4	38%	2
Care coordination	5%	8%	4%	17%	8	14%	8	NA	NA
Construction/capital improvements	5%	4%	6%	14%	9	15%	7	23%	5
Physician staff ventures/realignment	2%	6%	2%	10%	10	9%	11	13%	10
Dealing with uncompensated care	2%	3%	4%	9%	11	5%	18	NA	NA
Mergers and Acquisitions	4%	3%	2%	8%	12	6%	12	NA	NA
Leadership development	1%	2%	4%	8%	13	5%	16	5%	12
Revenue cycle	3%	0%	4%	7%	14	10%	10	21%	6
New clinical products/services	2%	2%	3%	7%	15	13%	9	11%	11
Nurse/staff recruitment and retention	2%	3%	1%	6%	16	6%	15	14%	9
Physician employment	2%	2%	2%	6%	17	NA	NA	NA	MA
RACs	1%	2%	2%	5%	18	6%	14	NA	NA
Employee satisfaction	0%	2%	3%	5%	19	6%	13	5%	13
Episode of care/bundling	0%	2%	2%	3%	20	4%	19	NA	NA
Base				264		317		188	

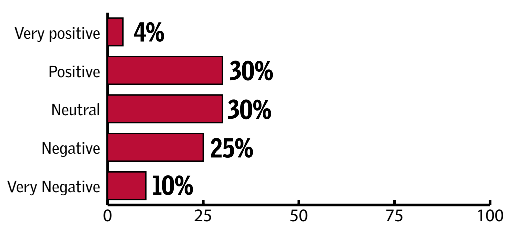
[1] In 2009, asked as Consumer satisfaction

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%	39%	20%	11%	2%	261
Patient experience, patient-centered care[1]	20%	60%	17%	3%	1%	260
Quality improvement initiatives	16%	60%	20%	4%	1%	257
Increase of insured patients	15%	45%	26%	9%	4%	260
Accountable care organizations	12%	37%	35%	12%	3%	260
Medical home	11%	32%	48%	8%	1%	260
Meaningful use criteria	7%	38%	35%	19%	2%	257
Mergers and acquisitions	6%	23%	57%	12%	2%	258
Episode of care/bundled payments	5%	21%	32%	37%	5%	260
ICD-10	5%	13%	48%	28%	5%	248
Physician supply, primary care	5%	24%	29%	33%	8%	260
Private payer reimbursement rates	5%	12%	23%	50%	9%	259
Comparative effectiveness research	4%	44%	45%	5%	2%	259
Increased regulatory scrutiny	4%	8%	26%	45%	17%	260
Medicare/Medicaid/Tricare reimbursement rates	4%	10%	16%	45%	26%	257
Physician supply, specialty care	4%	21%	35%	34%	6%	257
Stimulus package	4%	22%	50%	14%	9%	254
Uncompensated care	4%	4%	14%	49%	29%	253
RACs	3%	10%	41%	32%	15%	254
72-hour payment window	3%	25%	48%	21%	4%	256
Malpractice concerns	2%	5%	55%	29%	8%	259
Organized labor	2%	3%	50%	27%	18%	260
Nurse supply	1%	15%	53%	30%	1%	260

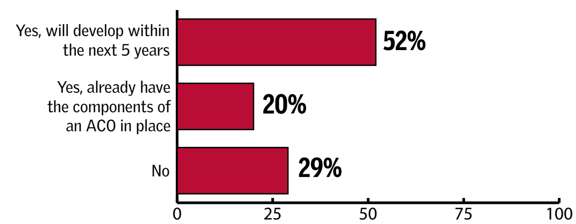
[1] In 2009, asked as Consumer satisfaction

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



Base: 267

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



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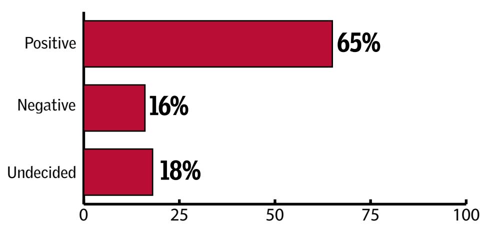
7. How do you view the growing role of mid-level providers in primary care?



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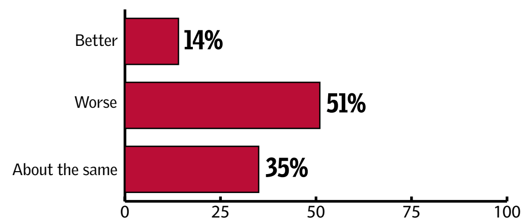
8. What is your expectation for your payer-provider relationships in the coming year?



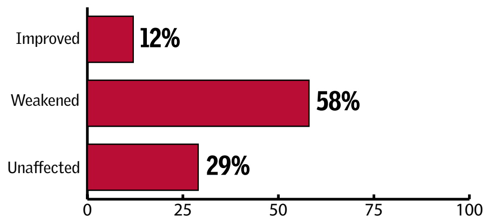
Base: 268

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	23%	21%	15%	59%	1	50%	1	47%	1
Labor costs	24%	10%	16%	49%	2	22%	8	31%	6
Clinical technology	15%	12%	10%	37%	3	23%	7	40%	2
Overutilization of services[1]	15%	12%	8%	35%	4	49%	2	22%	7
Patient lack of responsibility[2]	8%	8%	13%	29%	5	41%	3	15%	9
Pharmaceuticals	3%	8%	12%	23%	6	26%	6	33%	5
Health plan overhead	5%	11%	6%	23%	7	26%	5	34%	3
Physician inefficiency	5%	7%	7%	19%	8	15%	9	13%	10
Malpractice litigation	2%	6%	6%	13%	9	36%	4	34%	4
Medical devices	2%	4%	4%	9%	10	10%	10	22%	8
Hospital errors	0%	2%	2%	3%	11	2%	11	4%	11
Base				262		303			180

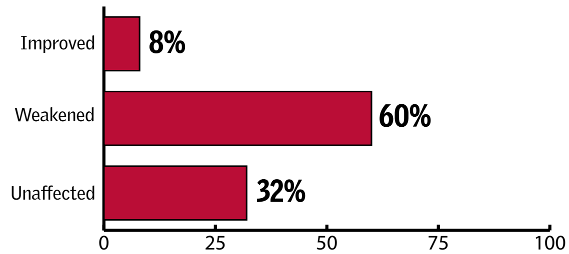
[1] In 2009, asked as Duplication of services
[2] In 2009, asked as Noncompliant patients

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



Base: 267

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



Base: 268

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	52%	34%	9%	5%	0%	264
Medical quality	43%	44%	10%	3%	0%	264
Fiscal management	32%	47%	13%	6%	2%	265
Patient safety	31%	52%	15%	2%	0%	262
Nursing staff	24%	50%	21%	5%	1%	264
Physician staff	23%	49%	20%	8%	0%	263
Prospects for growth	21%	42%	21%	12%	5%	263
Patient experience	17%	57%	20%	6%	0%	265
Construction/capital improvements	16%	34%	29%	17%	4%	265
Care coordination	15%	49%	20%	13%	3%	265
Physician recruitment and retention	13%	37%	28%	17%	5%	264
Dealing with uncompensated care	5%	27%	41%	24%	4%	264

	2011 Very Strong/Strong	2010 Very Strong/Strong	2009 Very Strong/Strong
Medical quality	87%	93%	89%
Dedication to mission	86%	78%	80%
Patient safety	83%	N/A	N/A
Fiscal management	79%	75%	66%
Nursing staff	74%	70%	68%
Patient experience	74%	84%	74%
Physician staff	72%	83%	79%
Care coordination	64%	N/A	N/A
Prospects for growth	63%	64%	68%
Construction/capital improvements	50%	N/A	N/A
Physician recruitment and retention	50%	N/A	N/A
Dealing with uncompensated care	32%	N/A	N/A

13. Describe your overall job satisfaction.

	2011 Percent	2010 Percent	2009 Percent
Very satisfied	27%	32%	38%
Satisfied	52%	53%	47%
Neutral	13%	8%	10%
Dissatisfied	6%	7%	5%
Very dissatisfied	1%	1%	1%
Base	268	320	188

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

	2011 Percent	2010 Percent	2009 Percent
Yes	70%	67%	61%
No	30%	33%	39%
Base	268	313	187

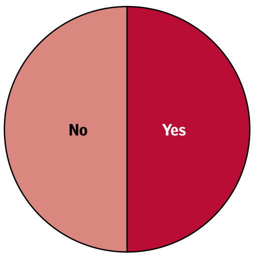
15. Regarding merger and acquisition activity in the industry, what do you expect for your organization?

	Percent
Likely to acquire others	33%
Likely to be acquired	16%
No changes likely	51%
Base	268

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	Total Respondents
Geriatrics	27%	50%	22%	1%	0%	250
Cancer/oncology	27%	40%	32%	1%	0%	254
Hospitalists	26%	41%	31%	2%	0%	253
Primary care	24%	41%	30%	4%	1%	255
Emergency medicine	22%	48%	26%	3%	1%	255
Heart (cardiology, cardiovascular, pulmonary medicine, vascular surgery)	19%	43%	34%	4%	0%	251
Orthopedics	18%	49%	30%	4%	0%	256
Pain management	15%	43%	39%	2%	1%	256
Women's health, OB/GYN	15%	43%	37%	4%	1%	248
Wellness	14%	46%	38%	1%	1%	247
Psychiatry	14%	19%	56%	10%	1%	247
Intensive care	13%	40%	45%	2%	0%	253
Imaging/radiology	11%	47%	35%	6%	0%	253
General surgery	9%	48%	39%	4%	0%	255
Physical medicine and rehabilitation	9%	35%	51%	3%	2%	255
Spine	8%	33%	50%	7%	1%	254
Neurosurgery	8%	26%	58%	6%	2%	248
Pediatrics	8%	22%	54%	14%	2%	247
Sleep	7%	23%	61%	8%	1%	253
Sports medicine	6%	33%	52%	8%	1%	252
Transplant center	6%	10%	74%	6%	3%	231

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



Yes – 50%
No – 50%

BASE: 268

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

	Percent
Complete: Decisions can be made largely independent of other hospital initiatives and priorities.	6%
Moderate: Some independence, but major decisions must incorporate other hospital initiatives and priorities.	70%
Zero: Service line decisions largely driven by hospital-wide initiatives and priorities.	24%
Base	261

19. How effective are comanagement models for service lines?

	Percent
Very effective	5%
Effective	39%
Neutral	39%
Ineffective	13%
Very ineffective	4%
Base	257

20. Regarding the purchase or use of clinical technology, rank your organization's top 3 priorities.

	Priority 1	Priority 2	Priority 3	2011 Percent Selected	2011 Rank
Providing highest-quality clinical care	46%	17%	11%	74%	1
Attracting/aligning with physicians	21%	20%	14%	54%	2
Establishing financial return on investment	9%	17%	17%	44%	3
Attracting new patients	12%	14%	14%	41%	4
Improving reimbursement rate	5%	14%	14%	33%	5
Increasing referrals	2%	9%	13%	24%	6
Improving organization's image	3%	5%	13%	21%	7
Attracting IT staff	1%	2%	3%	7%	8
Base				258	

21. What is the primary reason behind the failure to achieve handwashing compliance?

	Percent
Lack of spine to self-police and report colleagues' violations	42%
Lack of leadership to make it a priority	27%
Lack of adequate penalties	21%
Lack of convenient access to appropriate supplies	10%
Base	257

22. Describe the overall relationship between nurses and physicians at your organization.

	According to Physicians	According to Nurses
	Percent	Percent
Very positive	24%	22%
Positive	56%	58%
Neutral	15%	12%
Negative	5%	7%
Very negative	0%	0%
Base	263	214

23. Have nurse-physician relations improved within your organization over the past 3 years?

	According to Physicians	According to Nurses
	Percent	Percent
Yes	78%	78%
No	22%	22%
Base	263	213

24. Rate each of the factors below on how it influences your decision to order tests or procedures.

Fear of lawsuits and defensive medicine:

	2011 Percent	2010 Percent
Major influence	40%	33%
Minor influence	42%	48%
No influence	18%	19%
Base	250	285

Pressure from administrators and other third parties:

	2011 Percent	2010 Percent
Major influence	12%	11%
Minor influence	31%	34%
No influence	57%	55%
Base	242	268

Pressure from patients:

	2011 Percent	2010 Percent
Major influence	30%	28%
Minor influence	56%	55%
No influence	14%	18%
Base	250	280

Reimbursement and revenue considerations:

	2011 Percent	2010 Percent
Major influence	20%	30%
Minor influence	38%	38%
No influence	43%	32%
Base	248	278

25. How will you respond to low Medicare/Medicaid reimbursements?

	Percent
Seek employed position with hospital or health system	35%
Quit taking new Medicaid patients	28%
Quit taking new Medicare patients	27%
Seek shelter from a health system or large medical group practice	24%
Quit practicing medicine or retire	12%
Base **Multi Response**	225

26. Do you plan on taking advantage of funds in the ARRA to install or upgrade an EHR?

	Percent
No, it's still too expensive	7%
No, physicians aren't on board yet	3%
Yes, we'll be eligible to receive funds in 2011	44%
Yes, but we won't be eligible to receive funds until after 2011	13%
Too early to tell	24%
N/A or don't plan to take Medicare patients	9%
Base	253

27. How many FTE physicians practice at your facility?

	Percent
One (solo practice)	4%
2–10	22%
11–20	12%
21–35	6%
36–70	10%
71–100	7%
More than 100	40%
Base	257

28. Which of the following most accurately describes your projected financial situation in the next year?

	Percent
In the black	60%
In the red	13%
Break even	26%
Base	265

29. Which of the following is most important to your career satisfaction?

	Percent
Providing quality healthcare	33%
Work-life balance	18%
Autonomy (i.e., freedom to make clinical or practice management decisions)	14%
Being intellectually stimulated	14%
Being valued/respected by patients	6%
Being valued/respected by physicians	5%
Being valued/respected by administrators	4%
Income	4%
Base	264

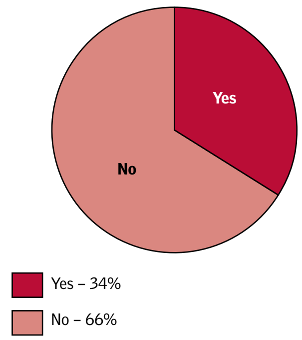
30. Which best describes your healthcare organization?

	Percent
Hospital or health system	58%
Single-specialty group practice	12%
Academic medical center	9%
Critical access hospital	6%
Multispecialty group practice	6%
Health insurance plan	6%
Ambulatory or outpatient center	3%
Disease management/wellness plan provider	1%
Physician-owned specialty hospital	0%
Base	264

31. Which best describes your organization by number of beds?

	Percent
1 – 25 (critical access)	11%
26 – 50	4%
51 – 200	22%
201 – 500	32%
501 – 1,000	20%
1,001+	11%
Base	195

32. Is your healthcare organization in a rural area?



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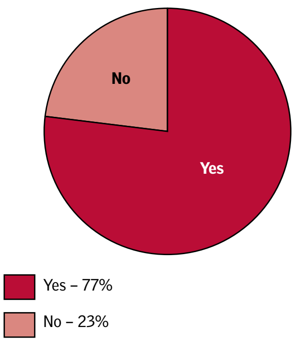
33. Is your hospital a community hospital?



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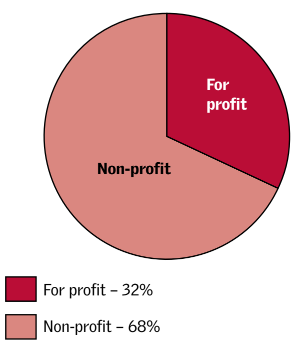
34. What best describes your primary market area?

	Percent
Northeast	23%
Southeast	25%
Midwest	28%
Southwest	12%
Northwest	4%
West Coast	5%
Other	3%
Base	265

35. Which best describes your type of organization?



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36. Please indicate your age range.

	2011 Percent	2010 Percent	2009 Percent
35 or younger	5%	2%	4%
36–45	15%	15%	18%
46–55	38%	43%	53%
56–65	39%	36%	23%
66 or older	3%	4%	3%
Base	266	320	189

37. What is your gender?

	2011 Percent	2010 Percent	2009 Percent
Male	69%	76%	80%
Female	31%	24%	20%
Base	265	319	189

