

**Leadership Perspectives
on Health Care, 2009**

SURVEY RESULTS

ExperiencedResources, LLC

The power of experience working for youSM

EXECUTIVE SUMMARY

Experienced Resources is an executive talent management firm that provides experienced executives for projects and interim assignments in health care. Located in Bloomington, MN, Experienced Resources has a commitment to the health care communities which it serves.

As part of its work in support of health care organizations, Experienced Resources conducts and reports on the *Leadership Perspectives on Health Care* annually.

Our survey participants serve in C-level positions within large health care systems and as administrators of independent medical practices of all sizes and specialties. In addition the group includes HR professionals, IT and finance executives, physicians, Board of Directors members and health plan executives. In spite of valiant efforts to stay abreast of the constant changes in our environment, these leaders report limited opportunities to formally report their current priorities and to learn from the tactics and strategies utilized by their peers. The goal of this survey is two-fold: to gather data from top health care leaders relative to their current priorities and to offer them real-life information on experiments and solutions in place within other health care organizations.

Our process included a 14 question on-line survey, with the opportunity for narrative comments for many questions. In addition leaders were able to volunteer to be contacted after the survey for a more in-depth personal interview.

Included here is a synopsis of the results, following the order of the survey itself. To review the original survey document, please [CLICK HERE](#).

Our thanks to the participants and to our readers. We appreciate feedback and look forward to continued discussion of the *Leadership Perspectives on Health Care, 2009*.

DEMOGRAPHICS OF SURVEY PARTICIPANTS

Indicate your position or title.

80 leaders completed the initial question relative to their job title or position. As the focus of the participant pool is on senior leaders within health care, the following percentages reflect responses largely from those working in positions at a Director level and above.

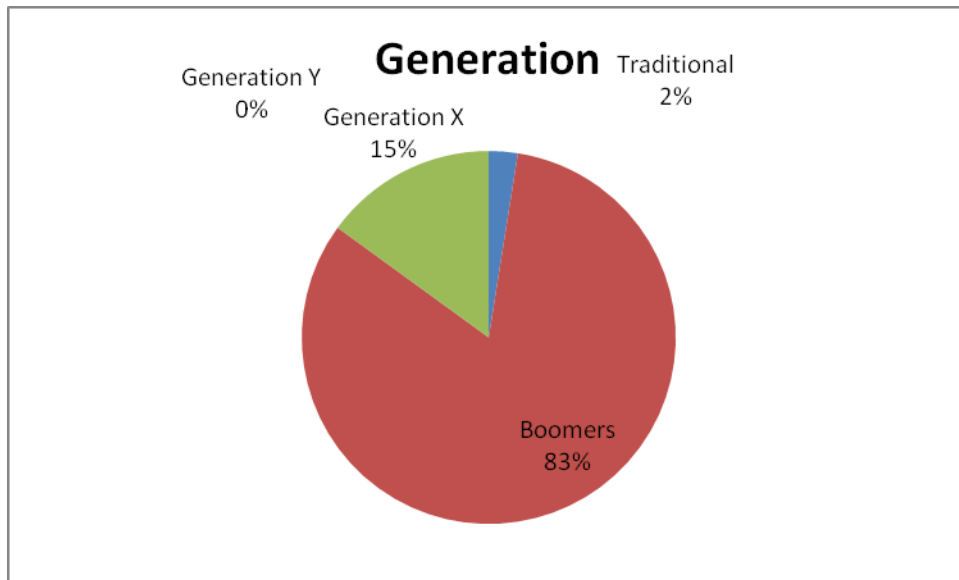
Administrator	13.8%
CEO	15.0%
CFO	3.8%
COO	2.5%
Director	16.3%
Executive Director	6.3%
Member, Board of Directors	2.5%
Physician	2.5%
Senior VP	2.5%
Vice President	11.3%
Other	23.8%

Within the "other" category were positions such as HR Manager, Quality Consultant, Operations Manager, Chief HR Officer, Contract Manager, Practice Advisor, Attorney, CPA, Health Plan Executive and Health Care Consultant.

Indicate your age group of generation.

80 of our leaders completed the question relative to their generation/chronological age, and the real numbers are shown below, followed by a chart showing the relative percentages of each group among the respondents:

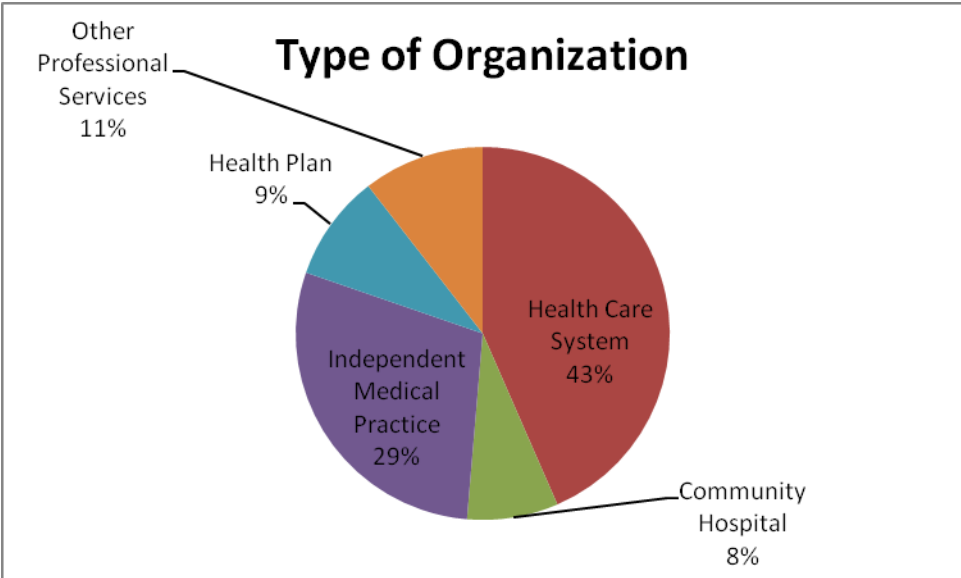
<u>Generation</u>	<u># of Respondents</u>
Traditionalists: Born 1901-1945	2
Baby Boomers: Born 1946-1964	66
Generation X: Born 1965-1979	12
Generation Y: Born 1980-1998	0



Perhaps more than any other factor, this distribution speaks to the upcoming need for health care leaders to assume the roles and responsibilities of the current “boomers” as they retire from the full-time workforce. Inherent in this is the need for knowledge transfer – this pool of 83% of senior leaders possesses valuable history, expertise and knowledge about their own organization and health care overall.

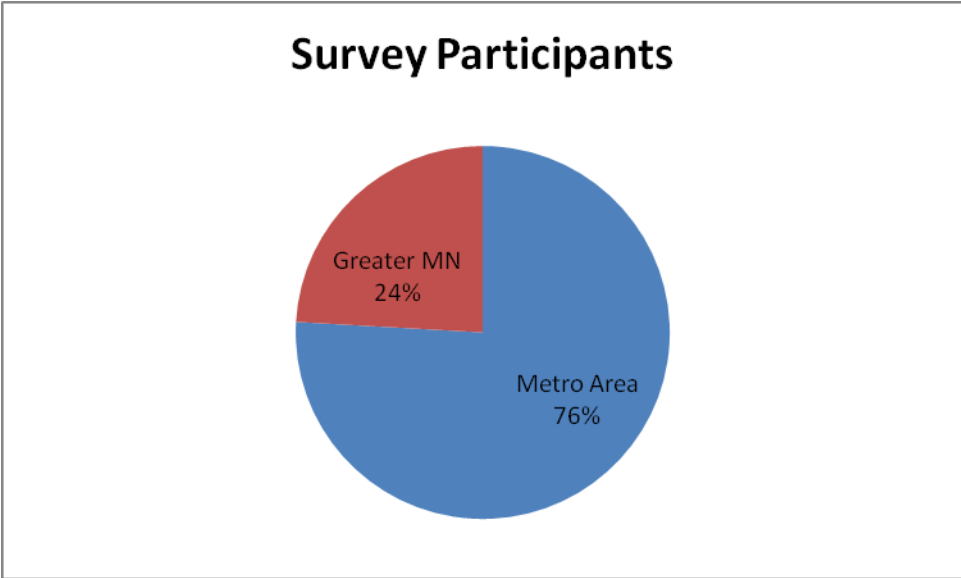
Indicate the type of organization to which you belong.

Our respondents represent nearly every faction of health care leadership within Minnesota and leaders working within health care systems compromise nearly 1/2 of those who completed the survey.



Indicate the location of your organization.

79 leaders answered this question, with the following results:



SURVEY RESULTS: TOP 10 PRIORITIES

Q1. Based on your focus for 2009, please rank the priority of the Top Ten issues/trends (identified in our 2008 health care survey) for you and your organization. If one of these "top ten" are no longer a priority issue for you, please indicate that. Then, share with us other priority issues/trends you see in the industry (that are not on this list) and rank their priority.

The top 10 Priorities as identified in the **2008 Survey**, in descending order, were:

- Declining Reimbursement
- Technology
- Consumerism
- Market Share & Marketing
- Mergers & Acquisitions
- Overhead & Profitability
- Physician Recruitment & Retention
- Quality
- Staffing
- Strategic Planning

When asked to rate the above factors individually as they remain a priority focus for **2009**, the results were as follows.



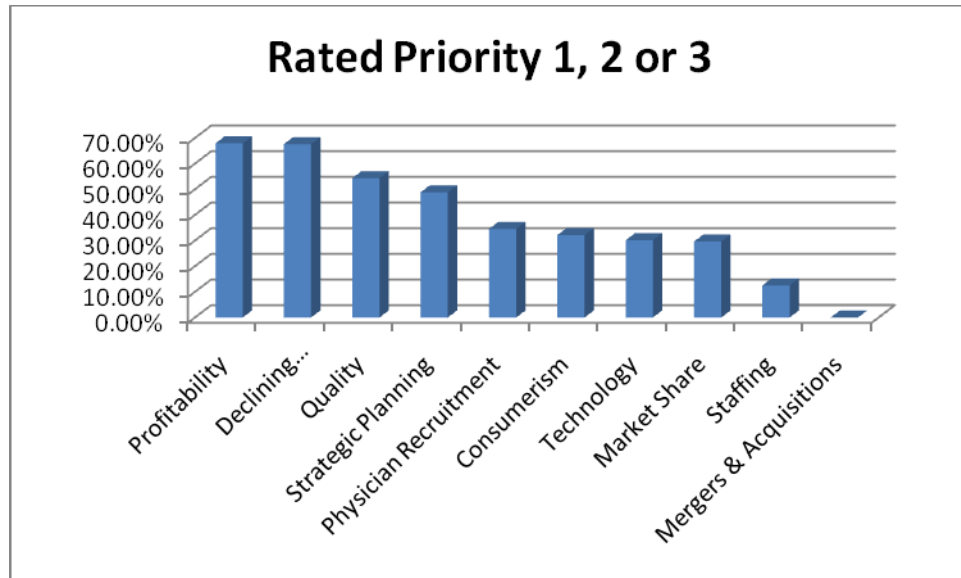
Comparing priorities defined as Top 10, 2008 vs. 2009:

	<u>Rating in 2008</u>	<u>Rating in 2009</u>
Declining Reimbursement	1	2
Technology	2	7
Consumerism	3	9
Market Share & Marketing	4	6
Mergers & Acquisitions	5	10
Overhead & Profitability	6	1
Physician Recruitment & Retention	7	4
Quality	8	3
Staffing	9	8
Strategic Planning	10	5

SURVEY RESULTS: PRIORITIES RATED 1, 2 or 3

In collating the 2009 data, we tracked priorities rated 1, 2 OR 3. These results are:

<u>Priority</u>	<u>Rated 1, 2 or 3</u>
Profitability	67.90%
Declining Reimbursement	67.60%
Quality	54.30%
Strategic Planning	48.80%
Physician Recruitment	34.50%
Consumerism	32.10%
Technology	30.10%
Market Share	29.60%
Staffing	12.50%
Mergers & Acquisitions	0.00%



The affinity between ratings 1 alone or 1, 2 or 3 are not significantly different. Financial concerns remain at the top of the list with quality following.

Leaders were asked to identify other trends and issue they see. Their responses include:

24% referred to Legislation, Regulation and Health Care Reform, with phrases expressing concern on issues such as:

Baskets of care

Health Care homes

Health Care reform efforts

Coordinated home care

Fast-paced regulations

18% of the comments referred to Financials, Profitability, Capital and Fundraising:

Access to capital financing

New financing mechanism needed

Profitability is everything

Non-profit fundraising impacted by economy

Little room to recover our losses

Stock market losses have made endowments smaller

13% referred to Efficiency, Quality and Performance Measures:

Productivity

Restructuring for efficiency

Lean and mean

LEAN/Six Sigma

Another 13% were relative to Uninsured, Underinsured and Uncompensated Care:

Uninsured patients; underinsured patients

Uncompensated patient care/charity care

High co-pays and high deductibles

High deductibles are creating low profit

Bad debt

Growing accounts receivables and write-offs

And other responses included:

Staff lay-offs to continue

Management cut-backs

Declining state and federal aid

MN budget cuts

Aging workforce

Performance measures

Medical errors

Q2. What has your organization done to address the issues/trends that effect you most?

Actively and politically involved.

Strategic planning, forecasting, research, benchmarking.

Looking for new revenue and ways to reduce costs.

Trying to anticipate changes secondary to the economy.

Developing new care delivery models, outreach to referral groups.

Capture revenue as early as possible.

Created a solid 5 year plan.

Implemented LEAN.

Partner with other organizations.

Trying to get smarter and faster.

Looking at integration.

Revised expenses, reduced FTEs.

Downsizing.

Align priorities with plan.

Re-evaluating our finances.

Continue to be lean and mean.

Education, Planning, Focus on Quality.

Monitor health care reform.

Lay-offs.

Advocate politically.

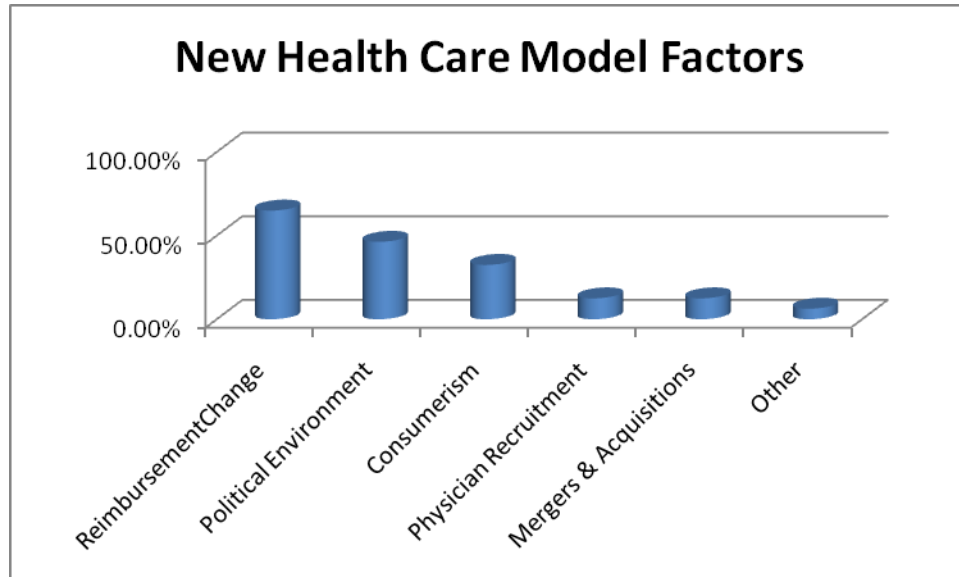
Revisit strategies and tactics to achieve vision.

Aggressive marketing.

Evaluate what makes money.

Improved cost operating model.

Q3. In your opinion, what factors will be most important in the development of a new health care model?



When asked for comments, leaders responded:

Unsure what is coming from Washington but it will cause a change in reimbursement and that is a problem.

Cost of health care and health insurance is pushing more of the cost to the patient and patients are waiting to access care.

How do handle more uninsured patients?

We won't get a new model without changing the financial model.

The economy will force major changes to payment and individuals will continue to expect more from us.

It is difficult to comprehend all of the ramifications (both good and bad) as consumers become more involved in every aspect of the treatment and billing process.

We must be driven by consumers and public perception and understanding.

Politics drive reimbursement and regulations.

The current system does not promote innovation to the extent needed.

Declining government reimbursement and need to pay market rate salaries to physicians will drive new strategies to be able to recruit and retain physicians and provide local access to needed services.

There is an arms race to have technology which can increase utilization.

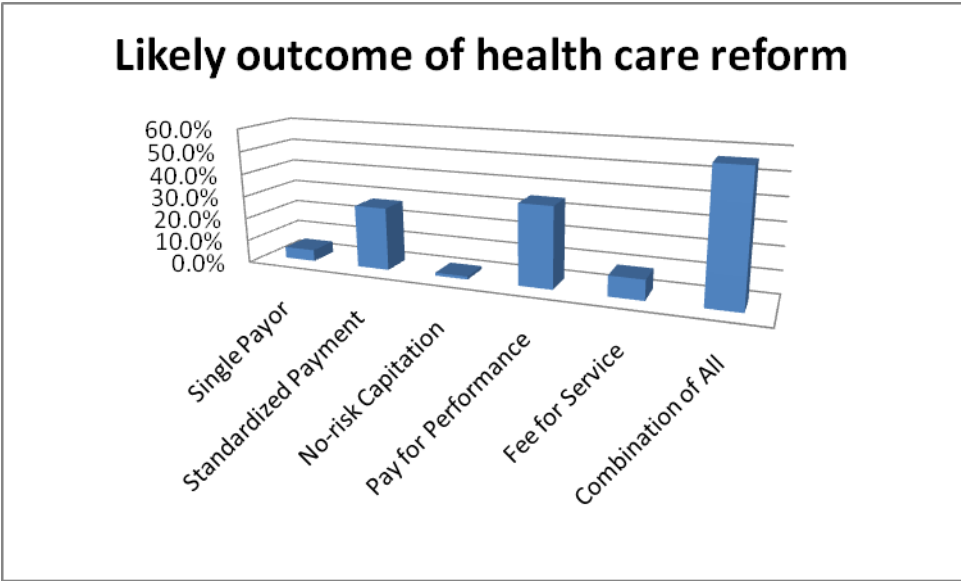
Health care needs to focus more on the free market and less on government revenue.

Public perception of health care will control the pace of change.

To survive the economic impact of change, we will need to be more resilient.

Health care needs to address consumer expectations.

Q4. Looking ahead 3-5 years, which of the following do you predict to be the most likely outcome of health care reform?



While so many of the responses throughout the survey address the “great unknown” of what health care reform will bring, it seems apparent that fee for service will be a reimbursement option of the past and there is little support for the single payor system as a replacement.

Comments on this topic included:

This is a mess.

There is not any one solution.

It seems unlikely there will be an entirely new health care system, but economics and politics will force us to improve the weak spots in our existing system.

There is no magic bullet.

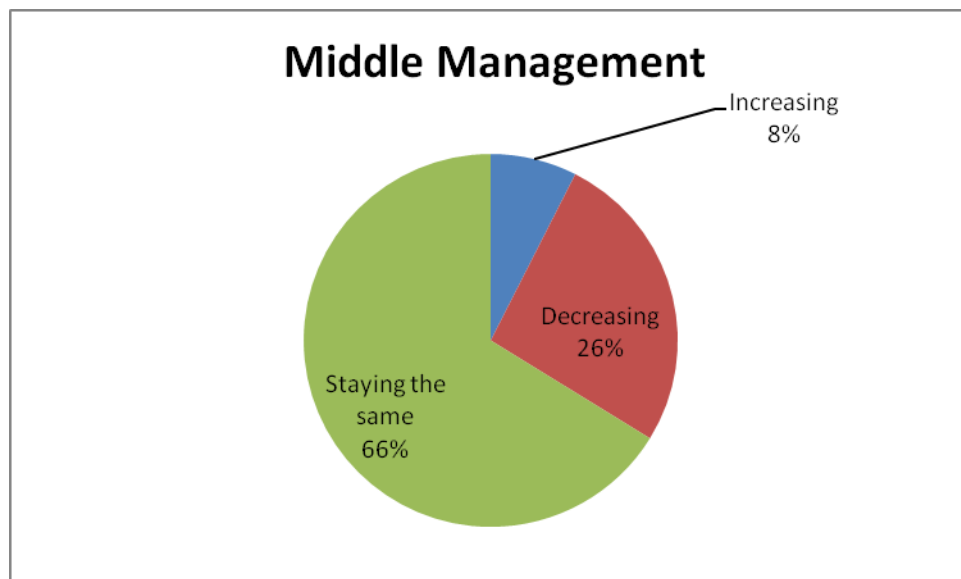
I don't think we have the stomach for a single payor system.

Pay for performance sounds good but we do not know how to roll it out or measure it.

There are so many competing interests that it will be difficult to change the system rapidly and effectively.

There just is no single answer, or any simple answer.

Q5. Is the size of your middle management team (increasing, decreasing, staying the same)?



Obviously, there are many small organizations that have very few "middle management" positions from which make changes. The percentage of organization staying the course may be reflective of the need for more and more "front line" managers as day-to-day work become more complex and cumbersome.

Q6. As it applies to all staff, do you identify the growth potential in your individual employees?

Q7. As it applies to your leadership team, do you identify exemplary people/high performers?

75.9% of the leaders identify growth potential in individual employees and 82.1% do the same with their leadership team. This is accomplished in a variety of manners, as shown by responses such as:

Talent and succession planning.

Look for strengths and help them play into them.

Promote from within.

Education and certification.

We create opportunities for employees to grow and display their potential.

Mentoring of high performance employees.

Talent management.

We design development plans for high performers.

Ongoing staff training and promotion from within.

Verbal praise and recognition.

Periodic organizational talent assessment.

Sharing successes throughout the organization.

Verbal recognition and bonuses.

Saying "Thank you".

Celebrate achievements.

Incentive plan.

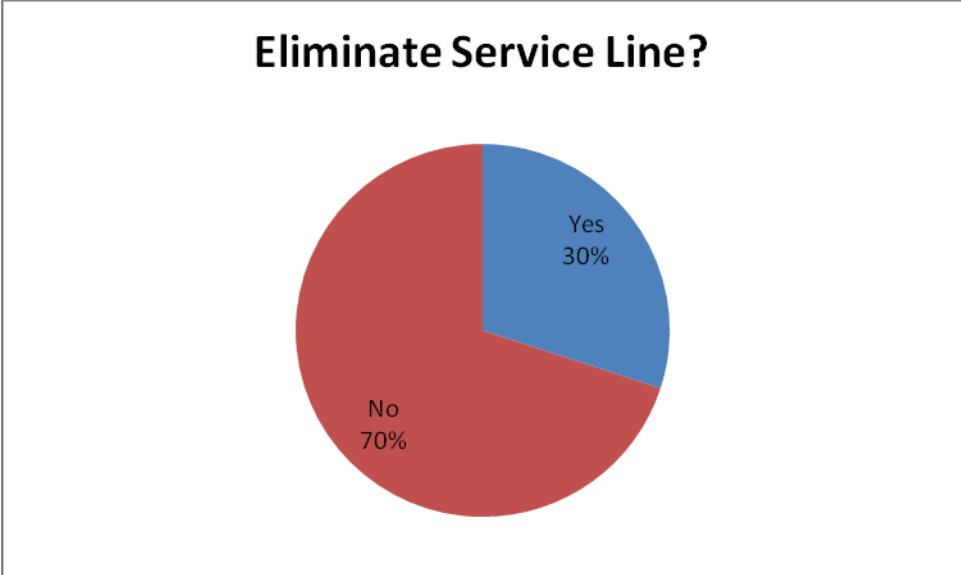
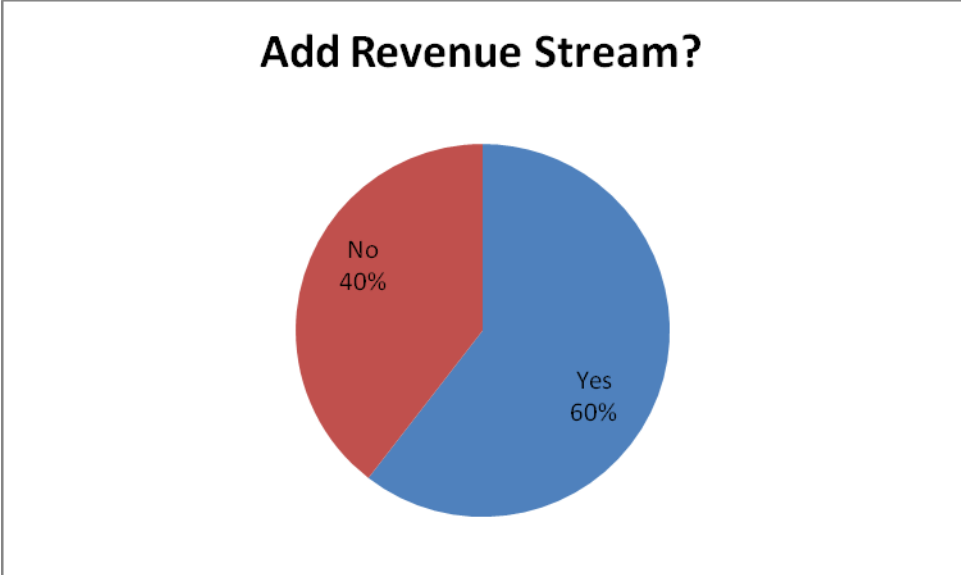
Individual scorecards.

Performance evaluation process.

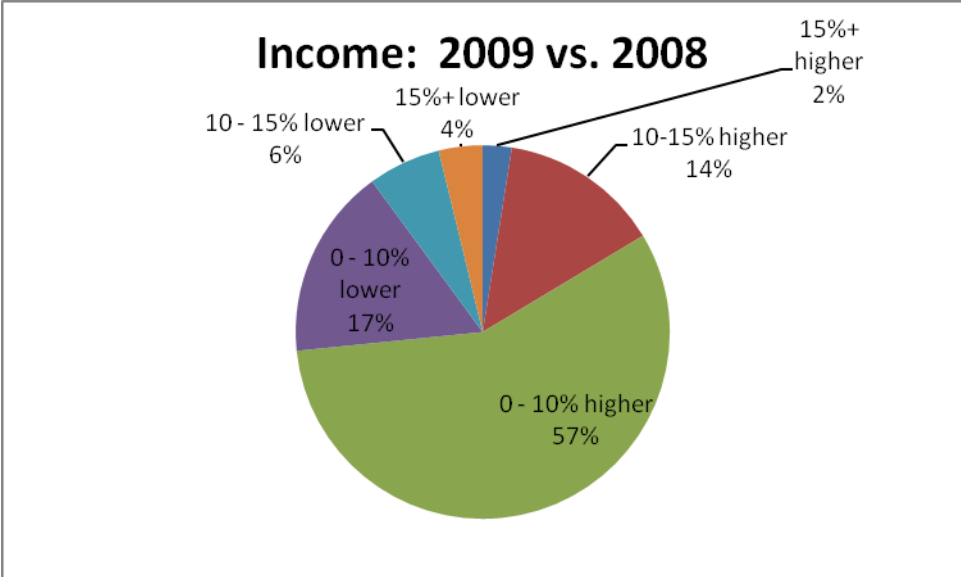
Performance management system and talent review.

Q8. During 2009, do you anticipate introducing a new revenue stream into your business?

Q9. During 2009, do you anticipate reducing or eliminating any service lines within your business?



Q10. What impact are you predicting on revenue in 2009 as compared to 2008?



It will be interesting to re-visit these predictions at year-end 2009. Some practices seem to be "holding their own" while others struggle to cap their dwindling revenue.

Q11. In your opinion, is the pay for performance model successful?

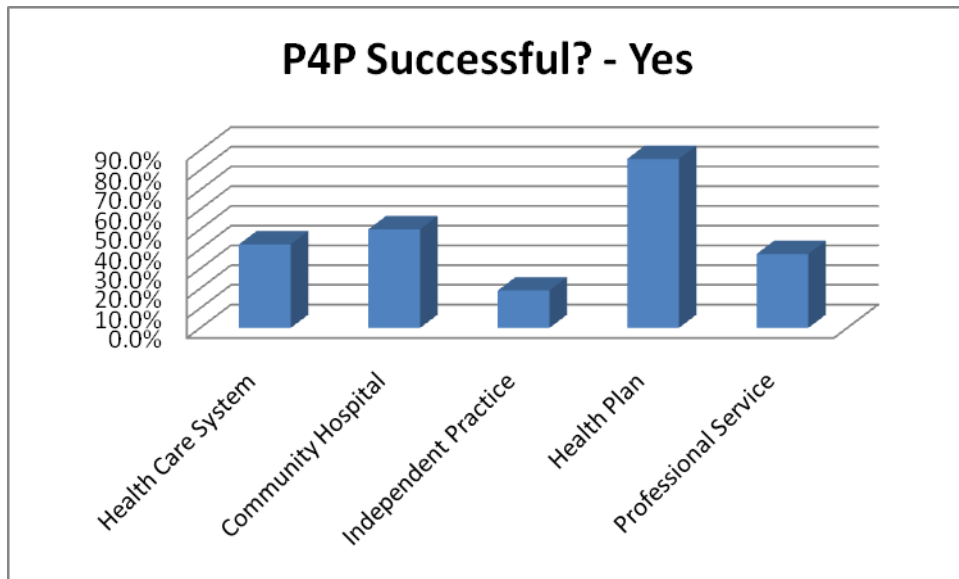
Overall, respondents replied:

Yes 40.0%
No 60.0%

It is within the responses to this question that we can best perhaps see the varying perspectives of health care leaders as they reflect their work environment.

Among those leaders whose type of organization is *Health Care System* 42.4% responded *Yes*. Among those whose organization is *Independent Medical Practice* 19% responded *Yes*. Not surprisingly, the highest percentage of support for P4P (Pay for Performance) comes from the leaders in Health Plan organizations.

In a chart format, the *YES* responses by organization for all types were as follows:



In comments relative to their response, **leaders in Independent Medical Practices** shared:

Doesn't drive or motivate the patient.

Lacks objective measurements - very subjective and driven by the payors so the focus is lower cost not necessarily quality.

Without having everyone on a common system there is no standard for measurement or ability to quantify or qualify performance.

Very few if any opportunities for specialty groups and payers really won't engage in discussions about specialists ideas to prove efficacy. Payers are overly focused on primary care and certain diseases/conditions. This leaves no pay performance opportunities for many. The Medicare PQRI and E-Rx incentives are far too cumbersome.

Not fully developed – too soon to tell.

Leaders within Health Plan organizations commented:

Highly utilized, and it has been a proven model to improve quality indicators.

Providers change their behaviors when they know they are measured. The results are posted on-line, so consumers know which providers are best.

And also, not fully developed.

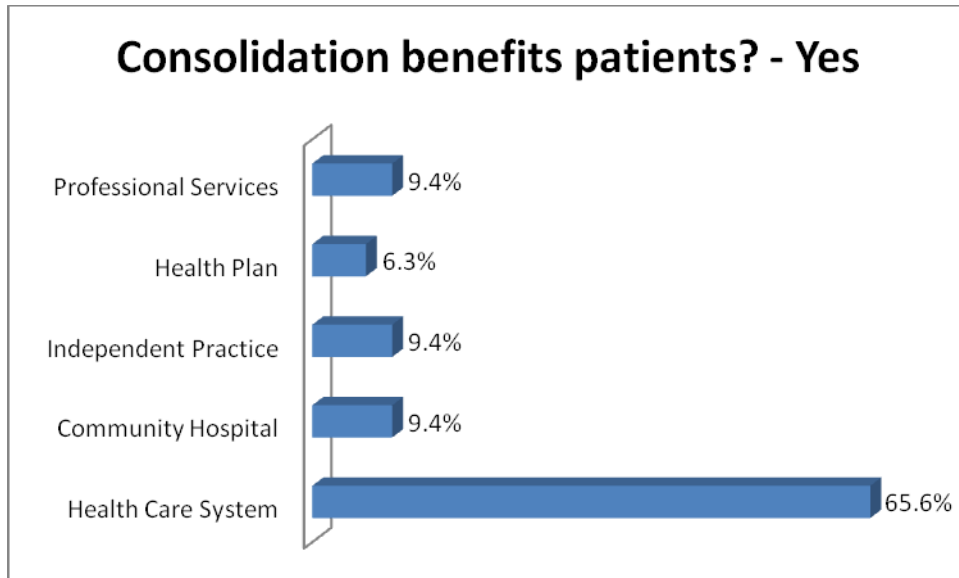
Q12. Do you believe that the current consolidation within health care benefits the patient?

Overall, respondents replied:

Yes 45.5%

No 54.5%

Much like the prior question relative to Pay for Performance, there are differences between leaders relative to their type of organization, and in this case, not surprising but large discrepancies between *Health Care System* leaders and all other organizations:



Comments included:

Less competition, less choice, higher cost.

It will lead to standardization and reduction of costs.

The prevalence of large systems increases waste, duplication and bureaucracy.

Streamlined services and one-stop shopping can be a great benefit.

It benefits the organizations more than the patients.

Competition creates innovation.

A more seamless approach is helpful to the patient.

The emphasis is on business performance and not quality.

Less competition = lower quality and higher cost.

Accelerates adoption of clinical best practices.

Facilitates common EHR systems.

Quality should improve and costs reduced through new, more aligned models.

Less choice = Less services.

Q13. Looking back on 2008, what do you consider to be your organization's greatest success?

60 leaders answered this question, sharing the following:

Financial performance (13 leaders cited this).

Service and Quality improvements.

Growth in market share.

Ability to better manage operations.

Safety improvements.

Becoming more customer focused.

Providing high quality care with all of the challenges that currently exist.

Improving our capacity to measure our work.

Managing through financial crisis while improving patient outcomes.

Survival.

Q14. Looking back on 2008, what do you consider to be your organization's greatest failure/shortcoming?

And, on the other side:

Focus on the bottom line may have caused us to miss some patient care pieces.

Not investing in technology.

Not addressing expenses as aggressively as we should.

Missed engagement opportunities with staff and physicians.

We focused too much on the short-term at the expense of the long-term.

Lay-offs.

We are short on visionary leadership.

Lack of strategic planning.

Failure to predict the economic crisis.

Labor unrest.

Not understanding the changing nature of health care delivery.

Realizing too late that we cannot continue to add staff.

Economic performance.

We were pushing so many things forward it was difficult to make progress on any.

Not being strategic enough and focus on critical priorities.

Not meeting our budget.

Failure to reduce overhead costs.

INTERVIEWS

The final part of the survey process involved one-on-one interviews with 20 health care leaders who volunteered to participate in this process.

We asked only a few questions and the most compelling answers came from these, with responses below:

What are you doing that you have never done before?

Laying-off staff

Dead stop on all capital purchases

Eliminated programs that benefit the community but are not fiscally viable

Cut our senior leadership team's compensation

Spun off a part of the organization

Phasing in capital purchases

Put a hold on new services

Spending more time with data – gathering, analyzing, utilizing for decision making

More detailed financial analysis

Tighter financial constraints

What will be the secret to your success going forward?

Being able to make and implement decisions quickly

Nimbleness

Clarity

Balancing needs for multiple stake-holders

Being more customer focused

Taking risks

Sustaining hope

Keeping up with the political environment

Understanding health care reform

Continued improvement on all fronts

Effective lobbying

Involving employees in the solution

Managing efficiency

Building political connections