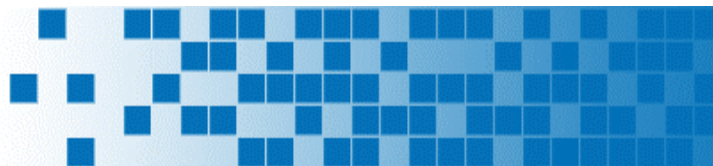


**Physician Group IT Services
Hospital CEOs and CIOs
Speak Out
April 2003**



Overview

In the last several years, information technology (IT) has played an increasingly important role in healthcare. IT has been shown to increase efficiency, boost productivity, and most importantly, reduce medical errors and improve patient safety. Both hospitals and provider groups have placed a strong emphasis on IT as a strategy, not only in running their respective organizations, but clinically as well. The relationship between hospitals and physician groups has many facets. What role, if any, does IT play in the multi-faceted, often complex hospital-provider group relationship?

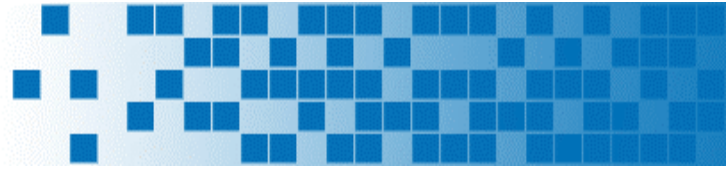
In April 2003 Hospital/Health System CEOs and CIOs from throughout the United States were surveyed to determine what their views are regarding physician groups and IT services. Twenty-two CEOs and twenty-seven CIOs responded, representing a variety of hospital sizes and geographical areas. Some of the key findings are:

From the CEO perspective:

- Information Technology is one of many services offered to physicians/groups.
- Services are primarily offered to physicians/groups as a strategy for physician retention.
- Providing Information Technology services is NOT considered to be an important source of revenue, however ...
- Providing IT services to physician groups IS considered to help with better patient information and patient safety.
- The majority of CEOs feel that provider groups are interested in receiving IT services from the hospital (captive: 82 percent, affiliated: 59 percent).

From the CIO perspective:

- Almost all hospitals provide some product or service to physician groups (96 percent)
- Despite this large number, 33 percent of the CIOs indicated they do not have any IT staff supporting physician groups.
- Eleven percent of the CIOs feel that it is only “somewhat important” to offer support and/or products to physician groups.
- Overall, hospitals provide more clinical applications than practice management applications to physician groups. (This may be because physician groups have already implemented their own practice management systems).



Survey Data – Part 1 – CEO Data

These questions were aimed at CEOs. The general goal was to understand what motivates CEOs regarding their relationship with physician/groups and what role, if any, IT, plays in their strategy.

General Strategy

“Physician alignment is critical to our success. We try to offer a "menu" of options on how we can best work with physicians.”

CEO Respondent

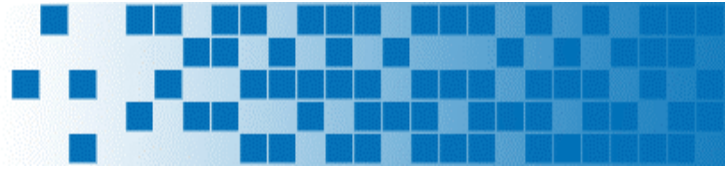
Managing the physician relationship is an important initiative for most healthcare systems. Most of the responding organizations offer a variety of services to physicians, with IT ranking as the second highest service to be offered (76 percent). The strongest motive for offering services to physicians is **physician retention**.

1. What type of services/products do you currently offer to physicians and physicians groups? (Check all that apply)

A **variety of services** are offered to physicians. Smaller hospitals/health systems offer more services than the larger hospitals/health systems. Of most significance is that **100 percent of the smaller hospitals offer IT services to physician groups**.

Services	All Hospitals	0 – 1000 Beds	1000+ Beds
Administrative (such as credentialing with health plans)	66.67	71.43	64.29
Assistance in marketing practices	61.90	57.14	64.29
IT support/services	76.19	100.00	64.29
Office space	80.95	85.71	78.57
Office staff	47.62	57.14	42.86

Table 1



2. What BEST describes your motive/strategy for offering special services/products to physicians and physicians groups?

Both smaller and larger hospitals ranked **physician retention** as the highest as a motive for offering special services to physicians. There is a difference in what smaller and larger systems ranked as the second highest motive: smaller hospitals are looking for increased referrals, while the larger hospitals are looking for physician recruitment.

Motive	All Hospitals	0 – 1000 Beds	1000+ Beds
Increased referrals/admits	19.05	42.86	7.14
Increased revenues from sale of services	4.76	0.00	7.14
Physician (group) recruitment	14.29	0.00	21.43
Physician (group) retention	42.86	42.86	42.86
Other	19.04	14.29	21.43

Table 2

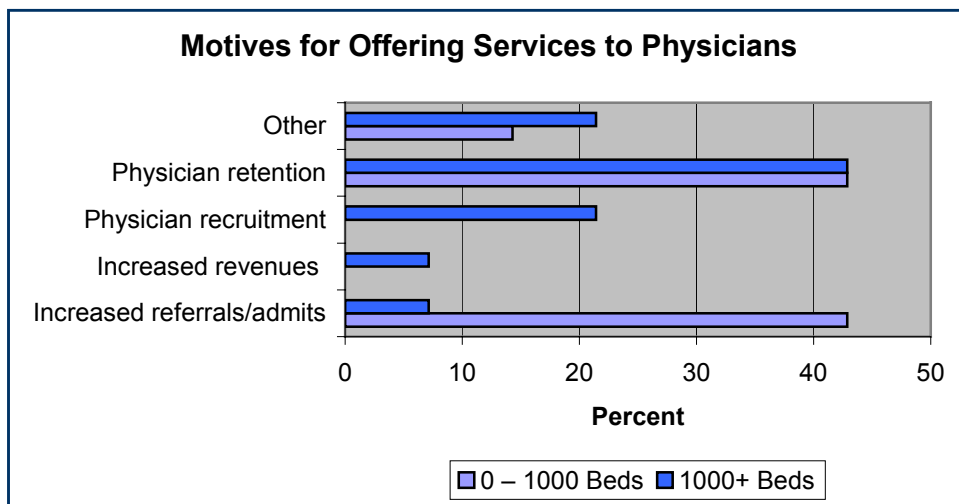
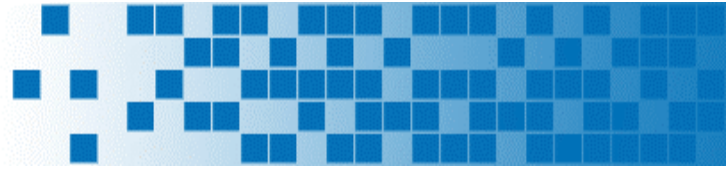


Figure 1



Information Technology Strategy

“Provision of IT Services through practice management and IPA agreements are necessary to sustain recruitment, retention and the continuing viability of these physician groups.”

CEO Respondent

IT is one of the many services offered to physician groups (96 percent to captive, 45 percent to non-captive). Although IT services are offered, IT is **NOT** considered an **important source of revenues**. The biggest benefit expected from offering IT services to physicians is **better patient information**, followed closely by **patient safety**.

3. Do you offer your hospital's IT department to physicians/physician groups as a source of IT services?

Most organizations offer IT services to captive physicians/groups (as would be expected). **Only 45 percent offer IT services to affiliated physicians/groups.**

IT Services Offered	Captive	Affiliated
Yes	86.36	45.45
No	13.64	54.55

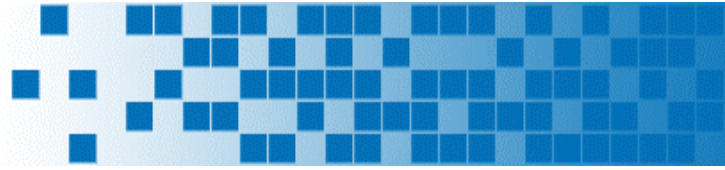
Table 3

4. Do you consider revenues generated by selling IT services to physicians/physician groups as an important potential source of revenues?

Selling **IT Services to physicians** is **NOT** considered to be an **important source of revenues** for either captive or affiliated physicians/groups.

IT Services as Revenue	Captive	Affiliated
Yes	4.55	0.00
No	86.36	77.27
Don't Know	9.09	13.64

Table 4



5. What benefits do you see the hospital receiving from providing IT services to physicians/physician groups? (Check all that apply)

The perceived benefits of offering IT services to physicians fell into the same order for both captive and affiliated physicians/groups, with captive being only a little higher. **Better patient information** ranked the highest with 77 percent for captive physicians and 64 percent for affiliated physicians.

IT Services Benefits	Captive	Affiliated
Higher revenues from the sale of services	13.64	13.64
Higher patient referrals and admissions	27.27	31.82
Lower costs from administration	50.00	31.82
Better patient information, security and availability	77.27	63.64
Better patient care	68.18	59.09
None	4.55	9.09
Other	4.55	13.64

Table 5

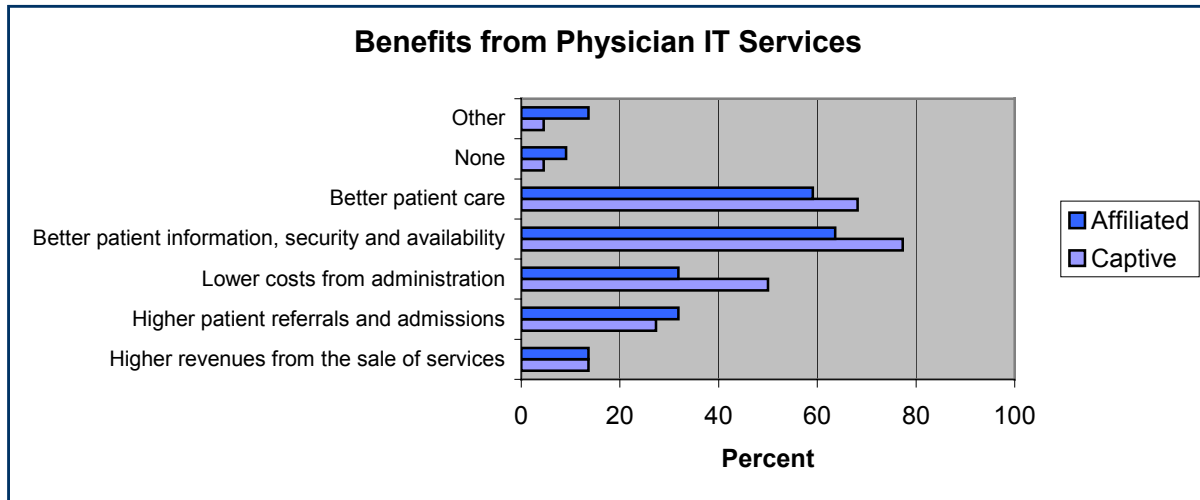
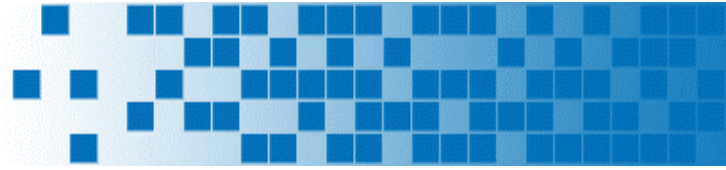


Figure 2



6. In your opinion how interested are physicians/physician groups in receiving IT services from your hospital?

Not surprisingly, 82 percent of the responding CEOs feel the captive providers/groups are interested in receiving IT services from the hospital. Fifty-nine percent of the CEOs feel that affiliated providers/groups are interested in receiving IT services. **There is something of a disconnect between CEO's perceptions and physician group's preferences: in a similar survey given to physician groups, only 44 percent indicated interest in receiving IT services from a hospital.**

IT Services Benefits	Captive	Affiliated
Extremely interested	63.64	13.64
Moderately interested	18.18	45.45
They don't ask and they don't want our services	4.55	18.18
They don't ask for them, but we sell services to them	4.55	0.00
Not sure	0.00	4.55

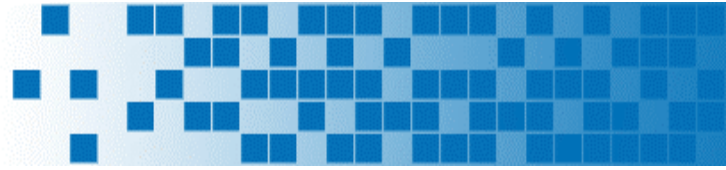
Table 6

7. If physicians or physician groups are refusing services what reason(s) are being cited? (Top three)

Overall, CEOs do not feel that captive physicians/groups are refusing IT services. The top three reasons cited for affiliated physicians/groups refusing services are 1) **Trust** (41 percent), 2) **System Compatibility** (41 percent), and 3) **Receive services elsewhere** (29 percent).

IT Services Benefits	Captive	Affiliated
They don't trust our hospital (concerns about data sharing)	5.88	41.18
They don't like the systems we use	5.88	11.76
They don't like the cost of the offerings	5.88	17.65
Our systems are not compatible with theirs	11.76	41.18
They receive services from a competing hospital or service provider	0.00	29.41
Not sure	5.88	11.76
Other	0.00	5.88

Table 7



Hospital Characteristics - CEOs

How many staffed beds does your hospital have? (Check one only)

Staffed Beds	Percent
0 - 100	4.55
101 - 250	4.55
251 - 500	27.27
501 - 750	13.64
751 - 1000	13.64
1001 or more	36.36

Table 8

How many physician groups are affiliated with your hospital/system? (Check one only)

Affiliated Groups	Percent
0 - 25	38.10
26 - 50	14.29
51 - 75	4.76
76 - 100	4.76
101 - 200	14.29
201 - 500	9.52
501 or more	14.29

Table 11

How many physicians does your hospital employ? (Check one only)

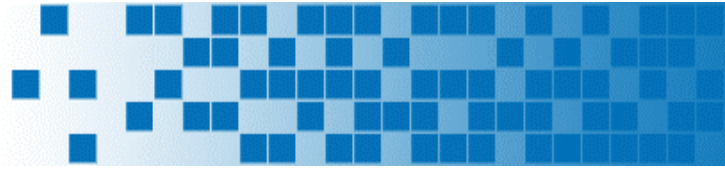
Employed Physicians	Percent
0 - 25	20.00
26 - 50	10.00
51 - 75	15.00
76 - 100	0.00
101 - 125	0.00
126 - 150	5.00
151 or more	50.00

Table 9

How many physicians are on your active medical staff? (Check one only)

Active Medical Staff	Percent
0 - 50	4.55
51 - 100	0.00
101 - 250	4.55
251 - 500	13.64
501 - 750	9.09
751 - 1000	18.18
1001 or more	50.00

Table 10



Survey Data – Part 2 – CIO Data

These questions were aimed at CIOs. In this case the goal was not so much to determine strategy, as to find out what is happening today.

Service

1. What products and services do the physician groups receive from the IT department?

Virtually all (96 percent) hospital IT departments provide some service or product to physician groups.

Products offered to Physician Groups	Percent
None	3.57
Anything and everything	11.11
Multiple software and hardware systems	22.22
Only a couple software and hardware systems	25.93
Only support for specific hospital applications	37.04

Table 1

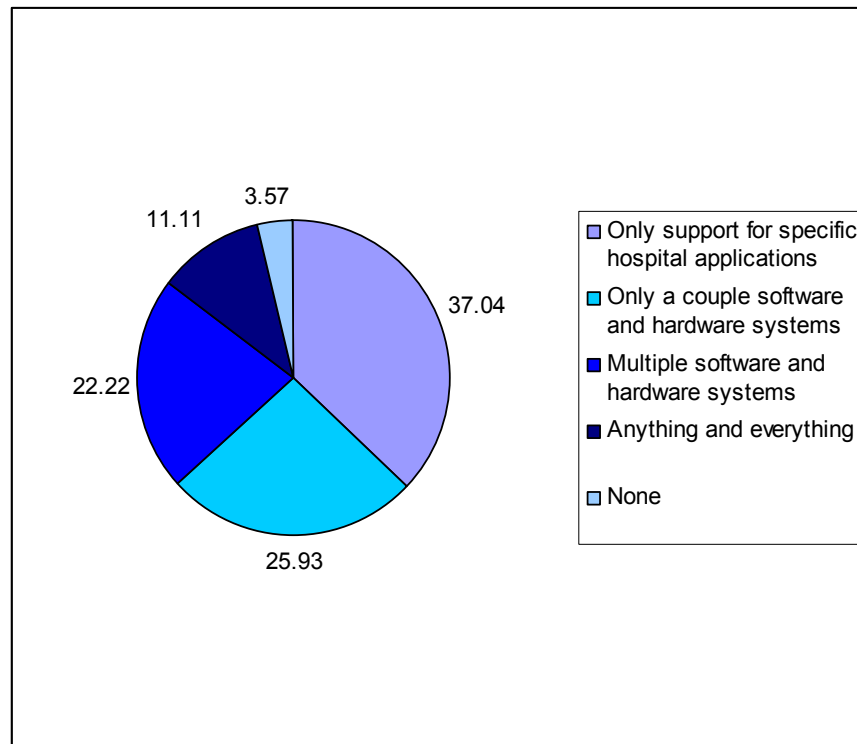
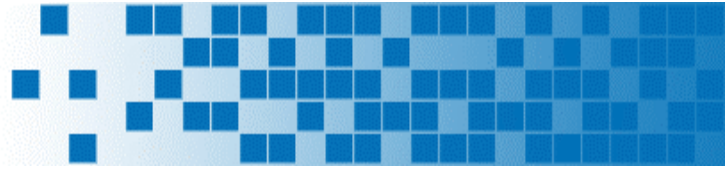


Figure 1



2. How important is providing support and services to the physician groups?

Seventy-four percent of the respondents think that it is extremely or very important to provide support and services to physician groups.

Importance of providing IT services	Percent
Extremely Important	55.56
Very Important	18.52
Important	14.81
Somewhat Important	11.11
Not Important	0.00

Table 2

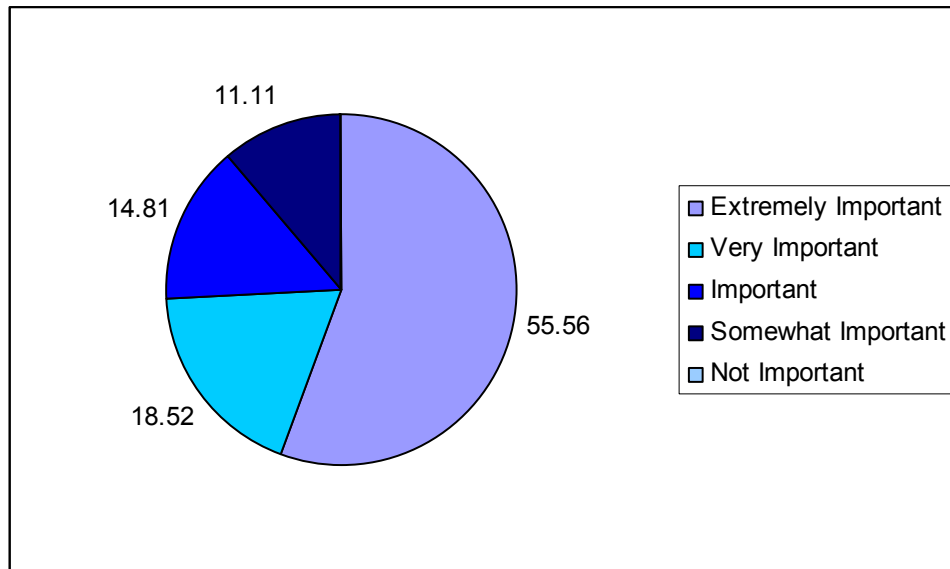
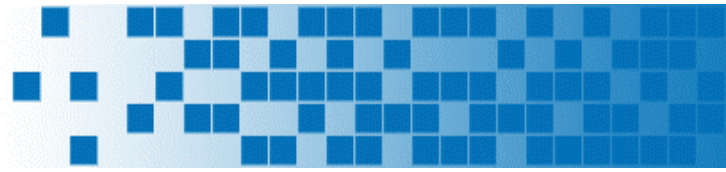


Figure 2

In a similar survey given to physicians, one physician wrote, **“We have had IT support from a hospital in the past. Their focus is much different than a medical group. Response time is not as good.”** Other respondents echoed this sentiment as well, implying that although CIOs may feel that service is important, they may not be able to live up to the job.



3. What IT employees do you currently provide to physician groups? What will you add in the next twelve months? (Check all that apply)

Thirty-three percent of the organizations stated they do not provide IT employees, dedicated or non-dedicated, part-time or full-time, to physician groups. This is a rather large percentage considering that virtually all of the organizations indicated that they provide some support/products to physician groups. Only 19 percent have IT employees that are dedicated solely to physician group support.¹

Answer	Today	12 months
None	33.33	53.85
Full time employee(s) dedicated to physician group support at physician group site	14.81	15.38
Part time employee(s) dedicated to physician group support at physician group site	7.41	7.69
Full time employee(s) providing part-time support to physician groups offsite	33.33	19.23
Full time employee(s) providing part-time support to physician groups onsite	25.93	11.54

Table 3

Applications in Use

4. What kinds of office applications does your department provide to physician groups today? Which of these office applications do you plan on deploying to physician groups within the next 12 months? (Check all that apply)

Seventy-eight percent of the organizations provide some practice/office management software to physician groups.

Administrative Applications	Today	12 months
None	22.22	60.00
Computer-based patient scheduling	55.56	20.00
Electronic office financials tracking	40.74	0.00
Electronic billing and coding	48.15	0.00
Reporting	62.96	5.00
Electronic patient records	59.26	15.00
Electronic call schedule maintenance	18.52	5.00

Table 4

¹ This figure cannot be derived from the table, but from another data view not provided in this report.

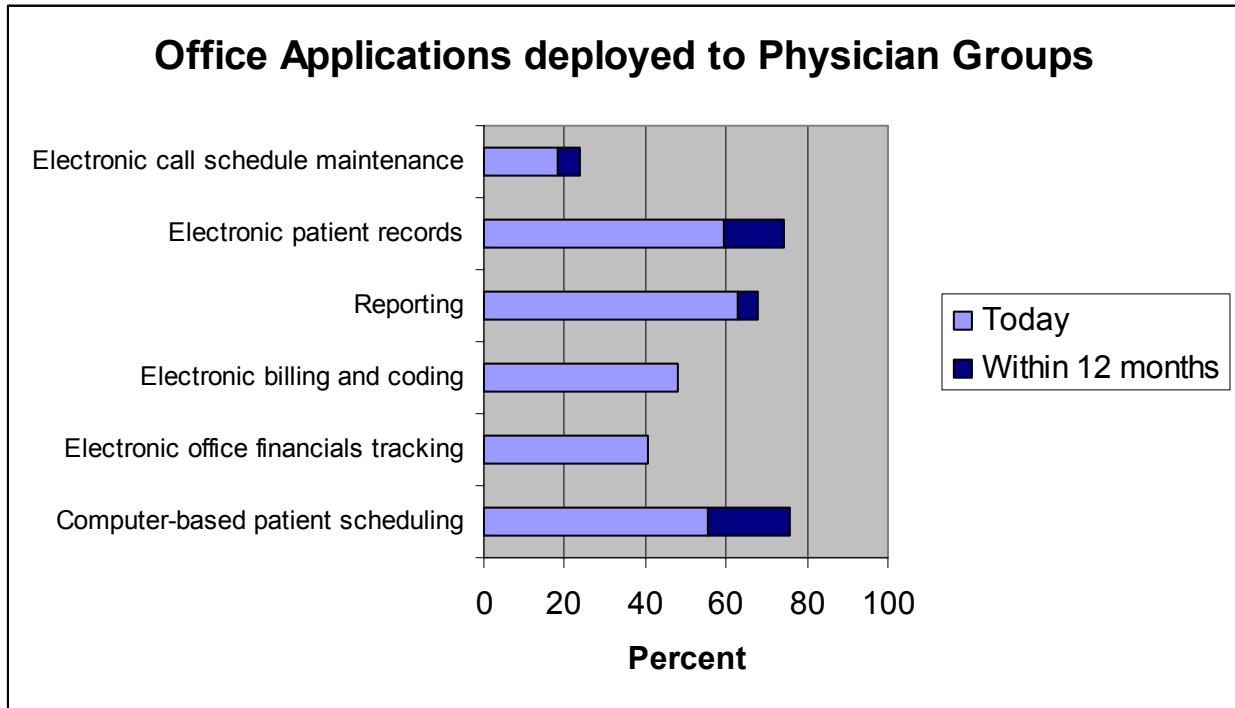
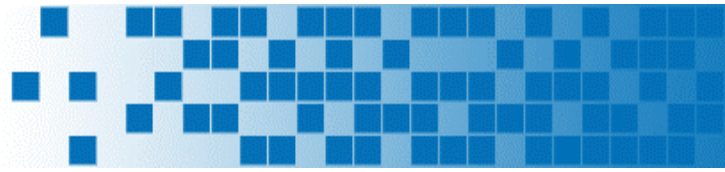


Figure 3

5. What clinical information technology systems do you have deployed to physician groups today? Which of these clinical systems do you plan on adding within the next 12 months? (Check all that apply)

Eighty-nine percent of the organizations provide some practice/office management software to physician groups.

Answer	Today	12 months
None	11.11	16.00
CPOE – Computerized Physician Order Entry	7.41	32.00
Electronic Results Reporting/Lab Results Reporting	85.19	8.00
EMR - Electronic Medical Records Systems	44.44	28.00
PACS - Picture Archival Communications Systems	33.33	44.00
PMS - Prescription Medical Systems	11.11	20.00

Table 5

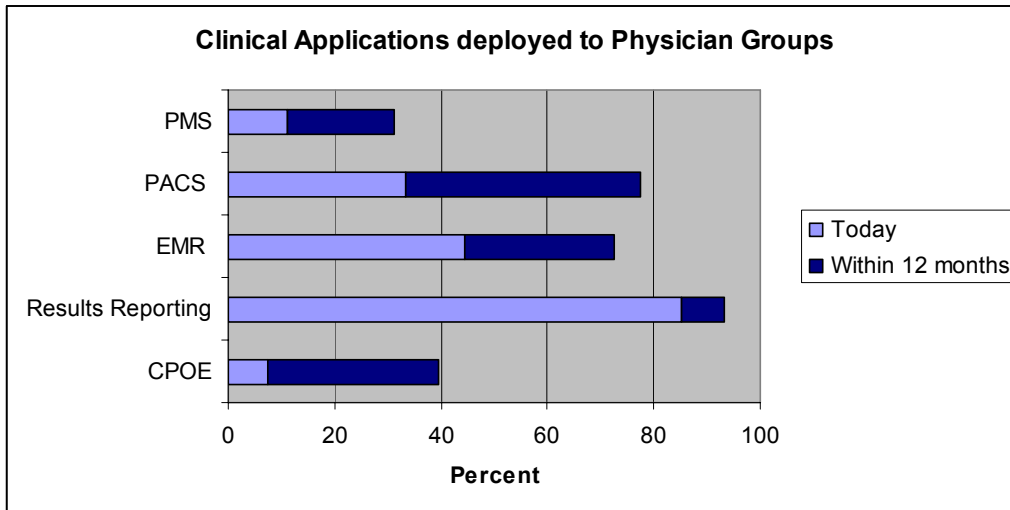
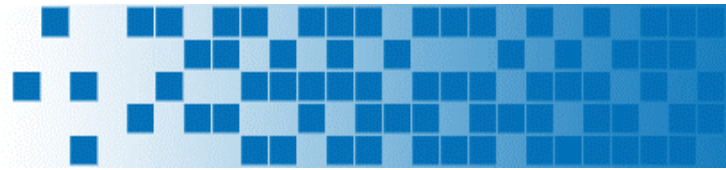
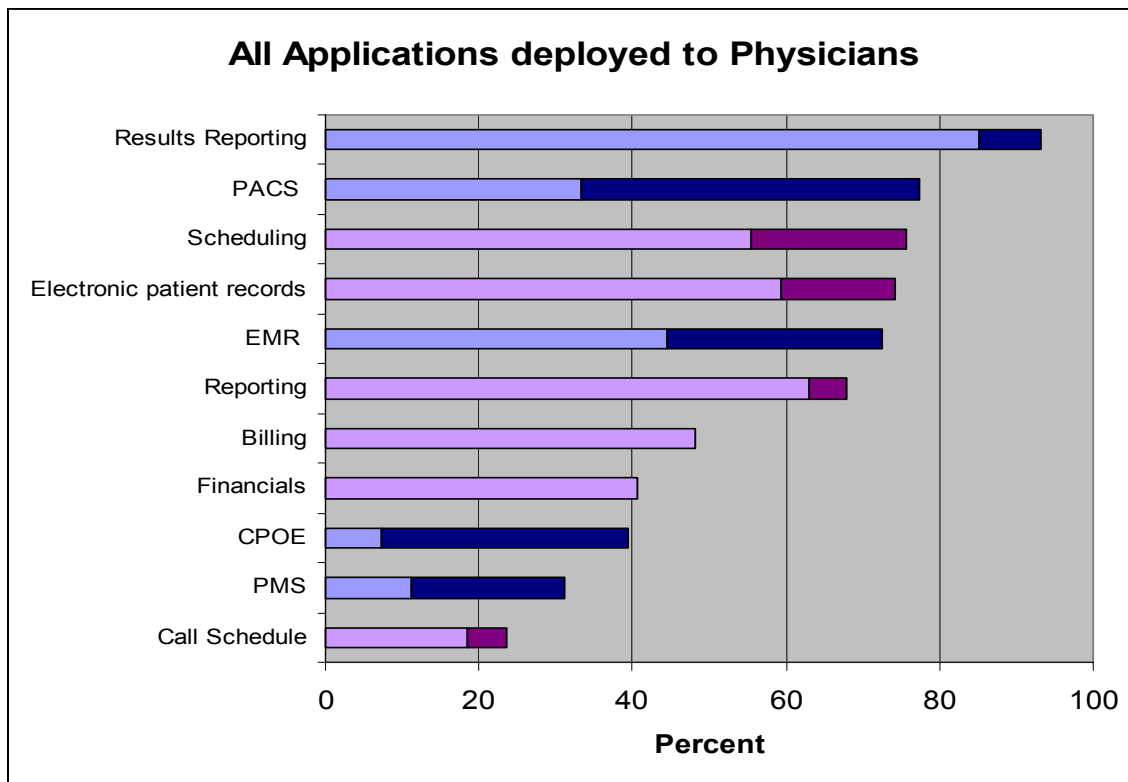
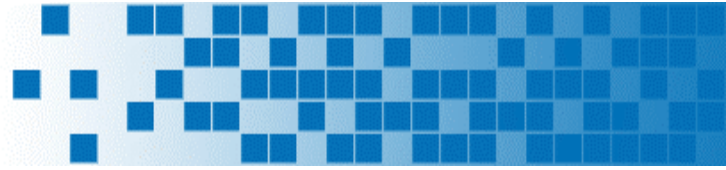


Figure 4



Light blue – Clinical systems offered to physician groups today.
 Dark blue – Clinical systems that will be added/offered within the next 12 months.
 Light purple – Practice management systems offered to physician groups today.
 Dark purple – Practice management systems that will be added/offered within the next 12 months.

Figure 5



Hospital Characteristics - CIOs

How many physicians does your hospital employ?

Employed Physicians	Percent
0 - 25	44.44
26 - 50	17.86
51 - 75	7.41
76 - 100	7.41
101 - 125	3.70
126 - 150	11.11
151 or more	7.41

Table 10

How many physicians are on your active medical staff?

Active Medical Staff	Percent
0 - 50	3.70
51 - 100	11.11
101 - 250	29.63
251 - 500	14.81
501 - 750	14.81
751 - 1000	11.11
1001 or more	14.81

Table 11

How many physician groups are affiliated with your hospital/system?

Affiliated Physician Groups	Percent
0 - 25	51.85
101 - 200	3.70
201 - 500	11.11
26 - 50	18.52
51 - 75	14.81
999	3.57

Table 12

How many physician groups does your IT department support?

Physician Groups Supported	Percent
0 - 25	77.78
26 - 50	10.71
51 - 75	0.00
76 - 100	0.00
101 - 200	3.70
201 - 500	7.41

Table 13