ANNUAL INDUSTRY OUTLOOK: The Road to Value-Based Care
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How you get paid is essential for any business. Changing payment models changes everything. The transition from volume to value-based healthcare is not a question of if, but when it will be fully functional. Current U.S. healthcare spending trends are clearly unsustainable.

A snapshot of the 2017 HealthLeaders Media Annual Industry Outlook Survey reveals that respondents say the share of net patient revenue from value-based payment models represented at their organizations will grow over the next three years (to 44%; up from 18% currently) and that shared risk models are seen as an opportunity by 65% of respondents. Almost half (49%) of those surveyed say their organizations will be fully committed and underway in three years to a value-based care model, and one-fourth say they will in five to 10 years.

Despite survey takers’ responses about a growing shift toward value-based care, there is a significant lag in building the infrastructure and skills necessary for success. It’s not surprising then that nearly two-thirds (61%) of the organizations surveyed say they are either in the pilot phase of the transition from fee-for-service to value-based care (31%), they haven’t started pursuing the transition (17%), or they are examining whether they should pursue (13%).

Only 35% of respondents say they are currently fully committed and underway with value-based care. Why is this? Change is always hard. Big change is harder. It’s difficult to know where to go when you don’t have a road map or formula for success. Paradigm changes require leaders to think and act differently. Traditional volume metrics that defined success in the past are measures of failure in the future. The market change remains in an immature form that thus far has been slow to evolve. This explains the obvious discrepancy between knowledge and planned action.

My prescription for success is to start your journey toward value-based care now! Appreciate that the new skills and infrastructure for value take years to develop and refine. Finally, invest in the things that add value to the future versus the fee-for-service traditions of the past.
As the healthcare industry continues its steady metamorphosis from a fee-for-service to value-based model, the stakes keep getting higher for those lagging behind. While providers at the forefront of the trend certainly have their own risks to contend with, such as the need to make large investments in both infrastructure and care delivery enhancements that depend on still-evolving payment models for repayment, providers trailing the trend run the risk of falling too far behind to catch up.

There are no quiet waters in which to seek refuge—the healthcare industry is facing a multitude of challenges. Along with managing the transition to value-based care, provider organizations must focus on enhancing care coordination, optimizing financial performance, and driving organizational performance in order to remain viable. Aggressive cost containment programs are also critical, as well as initiatives for expanding market share and increasing revenue through outpatient expansion.

**Transition to value-based care.** While progress is being made, the pace of the transition to value-based care is still slow moving. According to the 2017 HealthLeaders Media Annual Industry Outlook Survey, two-thirds of respondents (66%) say that their organizations are either fully committed and underway with the transition to value-based care (35%) or have experimental or pilot programs underway (31%), indicating that value-based care is a priority for most providers (Figure 1). Another 17% say they will pursue value-based care but have not begun yet. While 13% are not committed and only examining how or whether to pursue, only 2% of respondents say they don’t plan to pursue value-based care.

Survey results reveal that financial resources play a role in successful implementation of value-based care. For example, based on net patient revenue, a greater share of large organizations (47%) than small (31%) or medium organizations (34%) say they are fully committed and underway with the transition to value-based care. Investments in infrastructure and care delivery in particular require a certain level of scale and financial health in order to be successful.

While the transition to value-based care is widespread in the healthcare industry, and 83% indicate some level of commitment, it is notable that a minority—only 35%—are fully committed and underway now. Given the long lead times for program and infrastructure
development, many organizations are at risk of falling behind; although, as we see in Figure 2, those not yet fully committed and underway expect to be there in three (49%) or five years (21%).

"I think the thing that’s worrying is, you have nearly two-thirds of the folks that are nowhere near prepared to actually do anything, and the preparation to be able to fully participate is something that requires years of work," says Mark Laney, MD, CEO of Mosaic Life Care, a St. Joseph, Missouri–based health system with more than 60 clinical facilities serving a 23-county area of northwest Missouri, northeast Kansas, and southeast Nebraska, and the lead advisor for this Intelligence Report. "And so my concern would be that even if the pace of change remains slow, there’s a lot of folks that are way behind in prepping for what I think is an inevitable shift."

Although respondents indicate a degree of optimism with regard to their value-based timeline, these expectations may not hold up to operational realities. Among respondents not currently fully committed and underway with value-based care (Figure 2), nearly half (49%) say they expect to be fully committed and underway in three years, one-fifth (21%) expect this in five years, and a small number (4%) say 10 years. A significant number of respondents indicate that they don’t know (26%) when they expect this will happen.

Survey responses reveal that it is mostly small and medium organizations that plan on playing catch-up in the shorter term. For example, based on net patient revenue, a greater share of small (53%) and medium organizations (58%) than large organizations (33%) expect to be fully committed and underway with a value-based model in three years, and a greater share of large organizations (40%) than small (22%) and medium organizations (13%) expect this to happen in five years.

"Physicians and senior administrators are still skeptical of the value-based transition and the reality of its future. They have accepted the fact it may come to pass, but still believe the transition will occur many years from now."

—CEO at a medium physician organization

"Care coordination across the entire continuum from ER to inpatient to postacute to outpatient."

—VP/director of human resources at a small health system

"Physician and hospital alignment. We need providers who want to be team players and part of the business instead of just showing up for work."

—Chief operations officer at a small hospital

"Nurse recruitment and retention. Nursing shortages cause bed shortages in all facilities. Travelers are expensive. We must be more competitive to recruit and retain quality nurses."

—Service line director at a small health system

"Our biggest area of needed improvement is in care delivery processes. We need to standardize how we deliver care to our patients using well tested, evidence-based protocols and reduce clinical variation. That will be one of the keys to delivering value in the future."

—VP at a large health system

"While we are able to produce the required population health analytics, we do not always have the staff needed to do the follow-up outreach."

—Chief operations officer at a large physician organization

"Physician engagement and IT infrastructure. The physicians need to be motivated to change from a fee-for-service mindset to a value-based care mindset, and we need stronger financial backing for IT resources needed to make this work."

—Administrator at a medium physician organization

"Consumer-facing presence, being able to provide a pleasant, convenient interface with providers and handle basic tasks related to healthcare without the current complexities."

—Chief financial officer at a large health system
"The challenge for hospitals and health systems is that it takes a tremendous investment to be good at this," says Laney. "It takes a lot of experience and talent to be good at this, and there’s a lack of appreciation that this is something that you can’t just pivot quickly into. It’s something that requires careful foresight, careful planning, and years of implementation and practice to be good at it."

Providers facing the necessity of making large investments in value-based care must reconcile this requirement with uncertainty around new payment models and incentives, leading them to proceed with caution. In fact, revenue stream uncertainty (44%), inadequate payer incentives (42%), and inadequate IT infrastructure, tools (36%) are the top three barriers respondents cite as preventing their organization from pursuing the transition to value-based care with more vigor (Figure 5). Clearly, the financial side of value-based care is a concern.

Net patient revenue. Net patient revenue from value-based care reflects the current level of provider commitment to this model. For example, among respondents who are fully committed and underway with the transition to value-based care or have experimental or pilot programs underway, net patient revenue is currently 18% value-based and 82% fee-for-service (Figure 3). Respondents are also fairly optimistic about their prospects for growth in value-based net patient revenue, expecting value-based payment models to account for 44% of net patient revenue while fee-for-service will be 56% in three years (Figure 4).

Based on the size of the organization’s current total net patient revenue, responses indicate that large organizations currently have larger shares coming from value-based models (24%) than medium or small organizations (17% each). Across organizations of all sizes, the trend to more net patient revenue from value-based models in three years is evident: large (48%), small (45%), and medium (39%) organizations.

Perhaps not surprisingly, respondents who say their organizations are fully committed and underway with the transition to value-based care currently are generating a greater share of net patient revenue from value-based models (29%) than respondents who say their organizations are involved in experimental or pilot programs (18%), those who will pursue value-based care but have not yet begun (7%), or those who are examining how or whether to pursue value-based care (3%).

Expectations for value-based net patient revenue in three years follows a similar pattern. Organizations that are fully committed and underway with value-based care expect to boost value-based net patient revenue 25 points to 54%; respondents who say their organizations are involved in experimental or pilot programs expect an increase of 27 points to 45%; those who will pursue value-based care but have not yet begun expect a boost of 26 points to 33%; and among those who are examining how or whether to pursue value-based care, the share of value-based revenue is expected to climb 16 points to 19%.

Threats and opportunities. Respondents consider payer consolidation (63%), retail healthcare (e.g., pharmacies, big-box stores) (51%), and industry movement toward full capitation (50%) as the top three threats they face (Figure 6). Interestingly, these threats also receive
the highest responses for "Don't know"—although the sequence is different—indicating a degree of uncertainty around their ultimate impact on the industry.

Respondents consider payer consolidation (63%) a bigger threat than provider consolidation (33%), perhaps indicating a concern by the provider-oriented respondents in our survey that payers are gaining an edge in negotiating leverage. A greater share of health systems (80%) than physician organizations (67%) and hospitals (58%) say payer consolidation is a threat, and based on net patient revenue, a greater share of large organizations (74%) than small (62%) and medium (62%) organizations say this.

At the other end of the spectrum, respondents say that they see top opportunities in clinical integration (91%), care continuum relationships, clinical (87%), health information exchange (84%), and patient as consumer (83%). Following a similar pattern as with the top threats, these four items receive the lowest responses for "Don't know." This is an indication that the more respondents consider the status of something as known, the less likely it is that they will consider it as a threat to their organizational operations.

Note that the high response for clinical integration and care continuum relationships (clinical) as opportunities is a positive finding. It indicates that providers fully understand the key role these strategies play in delivering quality outcomes at lower costs.

Care continuum and postacute care. It comes as no surprise that respondents say that the top element considered very important to respondents' organizational care continuum strategy is primary care (84%), due to the critical role it plays in value-based care (Figure 7). This is followed by specialty care (70%), and then a second tier of responses consisting of acute care (58%), home health (54%), and skilled nursing (51%).

“There’s a lot of folks that are way behind in prepping for what I think is an inevitable shift.”

“I think the importance of primary care is right on because it's really about the right care at the right time, the right place at the right cost, and that all starts with really strong primary care,” says Laney.

Note that home health and skilled nursing are also key components of a value-based care approach, something that health systems have identified early on in the transition to this model. For example, a greater share of respondents from health systems (73%) than hospitals (61%) and physician organizations (26%) cite home health, and a greater share of respondents from health systems (65%) than hospitals (47%) and physician organizations (27%) mention skilled nursing as very important elements in organizational strategy when considering the care continuum.

When asked about care continuum and postacute care organizational plans (Figure 8), respondents mention looking to develop stronger relationships (67%), followed by looking to partner with providers (55%) and looking to acquire providers (22%). Interestingly, responses are inversely correlated with the level of commitment required by their organizations, indicating that respondents see value in more informal relationships and recognize that care continuum and postacute care plans don’t necessarily require spending financial resources or entering into complex agreements.

“This shows that folks understand that to move to value you have to have better handoffs, better coordination...”
of care, but the other thing is, you don’t have to own everything,” says Laney. “It’s a great realization that there’s a lot of ways to provide seamless care and you don’t necessarily have to own all of it.”

However, financial resources may also play a role in the degree to which respondent organizations seek to acquire providers in the care continuum. For example, based on net patient revenue, more large (31%) and medium (27%) organizations than small organizations (17%) say they are looking to acquire providers. And financial resources also impact the degree to which respondents say they are looking to partner with providers, with more large organizations (69%) than small (57%) and medium (51%) organizations saying this.

Interestingly, respondents who cite looking to acquire providers indicate they have a greater share of value-based net patient revenue (27%) than those who mention looking to partner with providers (19%) and those looking to develop stronger relationships (18%). Respondents who say care continuum and postacute care plans are not a significant part of their business have the lowest value-based care percentage (7%). This indicates that as providers make increasingly greater commitments to value-based care, such as owning parts of the continuum associated with postacute care, there is a corresponding increase in value-based net patient revenue.

Note that internal investment priorities reveal a focus on value-based care delivery. For example, respondents say that the top investment areas over the next three years (Figure 9) are data analytics (71%), care redesign efforts (65%), patient experience improvement (61%), and care coordinators (60%).

Financial resources are also correlated with future investment, with responses for health systems and large organizations receiving the highest responses. For example, a greater share of respondents from health systems (87%) than hospitals (65%) and physician organizations (63%) cite data analytics as an investment their organization will begin or increase over the next three years, and a greater share of health systems (76%) than hospitals (69%) and physician organizations (59%) mention care redesign efforts. Further, a greater share of respondents from health systems (73%) than hospitals (58%) and physician organizations (51%) cite care coordinators.

Based on net patient revenue, a greater share of respondents from large organizations (83%) than small (69%) and medium (76%) organizations cite data analytics as an investment their organization will begin or increase over the next three years, and a greater share of respondents from medium (73%) and large organizations (72%) than small (63%) organizations mention care redesign efforts.

**Service line strategy.** Consistent with the care continuum strategy responses mentioned earlier, respondents indicate that they expect primary care (52%) to be the most strategically significant service line to their organizations in three years (Figure 16). Responses for wellness/preventive (34%), behavioral health (29%), and heart/vascular (27%) round out the top of the list. Primary care and wellness/preventive service lines are important elements of a value-based approach to healthcare.
Survey responses reveal a high level of interest in postacute care programs. For example, more than half (53%) of respondents say that postacute care programs are very important to the success of their organizations’ service line strategy (Figure 17), and 31% say that this is somewhat important. Only 5% indicate that postacute care programs are somewhat unimportant, and 8% say that this is not at all important.

A greater share of health systems (58%) and hospitals (57%) than physician organizations (33%) say postacute care programs are very important, and conversely, a greater share of physician organizations (26%) than hospitals (1%) and health systems (0%) indicate that this is not important at all.

**Financial results.** According to the survey results, 18% of respondents report negative operating margin for the most recent fiscal year, and 65% posted positive margin (Figure 11). These results are relatively comparable to last year’s survey in which 15% reported negative operating margin and 70% positive margin. Three percent report that results are flat.

Hospitals and small and medium organizations appear to be having the most difficulty financially. For example, a greater share of hospitals (25%) and physician organizations (18%) than health systems (9%) report a negative operating margin, and based on net patient revenue, a greater share of small (17%) and medium (19%) organizations than large (4%) organizations say this. Likewise, a greater share of nonprofit organizations (21%) than for-profit organizations (13%) have a negative operating margin, and a greater share of rural organizations (39%) than non-rural organizations (16%) say this.

Laney points out that low levels of margin performance may spell trouble for some providers as they make the journey to value-based care. “I’m not surprised that there’s 21% who responded in the survey zero or below regarding operating margin. The worrisome thing is that when you go from volume to value, it is my belief that you take a dip in your financial performance, because it’s not as profitable to share savings versus get 100% of fee-for-service.

“It’s different than if we just went to capitation and you got 100% of the shared savings. So for these folks that are barely hanging in there, it’s going to make their situation worse and they’re not going to be able to make the journey. They’re not going to make the investment in the infrastructure to make the journey, and ultimately, they are going to either merge or go under.”

The financial outlook for the current fiscal year is roughly the same. Forty-one percent of respondents say they expect their organizations will produce positive financial results in their current fiscal year, and another 9% expect strongly positive results (Figure 12). Conversely, 11% of respondents project a negative outlook for their organizations, and 4% have a strongly negative forecast. Thirty-two percent expect results to be flat.

The results indicate a slightly negative trend compared with last year’s survey. For example, the combined results for positive or strongly positive outlook (50%) are seven percentage points lower compared with last year (57%), and the combined results for negative or strongly negative outlook (15%) are four points higher (11%), indicating that
financial conditions continue to be challenging for many providers. The results for flat (32%) are five percentage points higher (27%) than last year.

**Financial targets and growth.** Nearly half of respondents say that cost control (49%) is among the top three areas having a positive influence on their organizations’ efforts to reach financial targets over the next three years (Figure 13), followed by care models (e.g., population health, medical home) (39%) and strategic partnerships with providers (37%).

The results reveal some important differences compared with last year’s survey—while cost control remained relatively flat from last year (up three percentage points), care models increased eight percentage points from the 31% level reported in both the 2016 and 2015 surveys, and physician-hospital alignment declined five percentage points from last year’s survey and is down 11 points overall from the 2015 survey level of 44%. The response for care models is an indication that the trend toward value-based care is expected to start paying dividends in the relatively near future.

Laney considers many of the items on the list of responses as the types of things that you would normally expect good organizations to do. And while cost control is important, he notes, “You cannot cost-cut your way to success in volume to value; it doesn't yield the ultimate results. The best results actually occur in care standardization and care redesign.”

More than half (55%) of respondents say that expanding outpatient services is how their organization will fuel financial growth over the next five years (Figure 14), followed by develop or join a shared risk, shared savings effort (50%) and a campaign to extend an existing market (39%). This year’s survey results are comparable to last year’s, where the top three were expand outpatient services (56%), develop or join a shared risk, shared savings effort (49%), and a campaign to extend an existing market (46%).

A greater share of hospitals (77%) and health systems (70%) than physician organizations (40%) cite expanding outpatient services to fuel financial growth over the next five years, and a greater share of health systems (53%) and hospitals (51%) than physician organizations (44%) mention developing or joining a shared risk, shared savings effort to do the same. Further, a greater share of hospitals (47%) and health systems (41%) than physician organizations (25%) cite a campaign to extend an existing market to fuel their financial growth.

Note that organizational size is also correlated with the degree to which respondents say their organizations will fuel financial growth through expanding outpatient services. For example, based on net patient revenue, a greater share of large (71%) organizations than small (58%) and medium (49%) organizations say they expect to grow this way.

Respondents were also asked about healthcare IT’s strategic importance in supporting their organization’s efforts to reach its financial targets over the next three years (Figure 15). Nearly one-quarter (23%) of respondents say that EHR interoperability is the first-ranked area in strategic importance for healthcare IT, followed by clinical IT (22%), predictive analytics (18%),

“It’s a great realization that there’s a lot of ways to provide seamless care and you don’t necessarily have to own all of it.”
and data-driven knowledge of patient health factors (18%). Compared to results from last year's survey, clinical IT is down 6 points from 28%, EHR interoperability is down 2 points from 25%, predictive analytics is the same at 18%, and data-driven knowledge of patient health factors is up 7 points from 11%.

Taken in aggregate, combining first-, second-, and third-place rankings, respondents indicate that data-driven knowledge of patient health factors (63%) has the highest response level overall for strategic importance for healthcare IT. Responses for predictive analytics (51%), clinical IT (50%), and EHR interoperability (50%) form a second tier.

Organizational performance. To successfully execute on their mission, provider organizations must run at optimal levels at all times. Performing at optimal levels is an especially complex organizational undertaking because of the industry’s transition to new care delivery and payment models. The good news is that respondents generally report positive reviews of organizational performance.

Exemplary organizational performance starts at the top, and the results are encouraging. When looking at the current overall performance of groups and individuals in healthcare organizations, 43% of respondents rate their CEO’s performance as very strong, making them the top performing group/individual (Figure 18). The result is up four percentage points over last year’s survey (39%). Thirty percent of respondents rate the leadership team’s performance as very strong, giving them the second-highest response.

The groups receiving the lowest responses for very strong are data analytics staff (10%) and IT staff (15%). While only 6% of CEOs and 11% non-CEOs say data analytics staff performance is very strong, 46% of CEOs and 26% of non-CEOs indicate that performance is strong, leading to an overall rating of 28%. Last year, the response for data analytics for very strong was just 8%, indicating that progress in this important area has been slow in coming.

In a similar vein, while only 17% of CEOs and 15% of non-CEOs say IT staff performance is very strong, 46% of CEOs and 35% of non-CEOs indicate that performance is strong, leading to an overall 36% rating for strong. Last year, the response for IT staff for very strong was 11%, four percentage points lower than in this year’s survey.

Looking at organizational performance more broadly, nearly three-quarters (71%) of respondents say that their prospects for growth are very strong or strong, with responses for fiscal management (67%), collaboration/relationships with providers (62%), and strategic planning (61%) following closely behind (Figure 19). A greater share of CEOs (80%) than non-CEOs (70%) say their organization’s prospects for growth are very strong or strong, and a greater share of CEOs (80%) than non-CEOs (65%) rate their organization’s fiscal management as very strong or strong.

The area receiving the lowest response for very strong or strong is price transparency (33%), which continues
to be a challenge for the industry. Based on net patient revenue, a greater share of small organizations (37%) than medium (28%) and large (26%) organizations say price transparency is strong or very strong. And a greater share of rural organizations (44%) than non-rural organizations (14%) say this.

The organizational performance results for healthcare functions are very positive. Eighty-five percent of respondents say that their organizations’ performance on dedication to mission is very strong or strong, with responses for clinical quality and patient safety (82%) and patient experience (64%) completing the top three (Figure 20).

The function receiving the lowest response for very strong or strong performance is population health (30%), which is perhaps an indication that providers are still in the early stages of developing competency in this area. A greater share of health systems (40%) than hospitals (26%) and physician organizations (14%) say their organizations’ performance on this is very strong or strong.

Looking ahead. The healthcare industry faces an unprecedented number of challenges, including the move to value-based care, high infrastructure investment costs, cost containment requirements, and a new administration in Washington. Providers will have their work cut out for them in 2017.

Even so, Laney encourages providers to remain focused on the value-based mission. “At Mosaic Life Care, we’ve taken a strategy of ‘Let’s make the journey from volume to value. Let’s move things from the inpatient to the outpatient setting and things from the outpatient setting into the home setting. Let’s use our skilled professionals at the highest level of their license. Let’s relentlessly take cost out of the system. Let’s make those investments in technology, in population health, and in analytics because that’s really where the future is.’”

Jonathan Bees is senior research analyst for HealthLeaders Media. He may be contacted at jbees@healthleadersmedia.com.

"Let’s make those investments in technology, in population health, and in analytics because that’s really where the future is.”
Two-thirds of respondents (66%) say that their organizations are either fully committed and underway with the transition to value-based care (35%) or have experimental or pilot programs underway (31%), indicating that value-based care is top of mind for most providers. Another 17% say they will pursue value-based care but have not begun yet. While 13% are not committed and only examining how or whether to pursue, only 2% of respondents say they don’t plan to pursue value-based care.

Based on net patient revenue, a greater share of large organizations (47%) than small (31%) or medium organizations (34%) say they are fully committed and underway with the transition to value-based care, an indication that financial resources play a role in its successful implementation.

While the transition to value-based care is widespread in the healthcare industry, and 83% indicate some level of commitment, it is notable that a minority—only 35%—are fully committed and underway now. Given the long lead times for program and infrastructure development, many organizations are at risk of falling behind; although, as we see in Figure 2, those not yet fully committed and underway expect to be there in three (49%) or five years (21%).
Among respondents not currently fully committed and underway with a value-based model, nearly half (49%) say they expect to be fully committed and underway in three years, one-fifth (21%) expect this in five years, and a small number (4%) say 10 years. A significant number of respondents indicate that they don’t know (26%) when they expect this will happen.

Survey responses reveal that it is mostly small and medium organizations that plan on playing catch-up in the shorter term. Based on net patient revenue, a greater share of small (53%) and medium organizations (58%) than large organizations (33%) expect to be fully committed and underway with a value-based model in three years, and a greater share of large organizations (40%) than small (22%) and medium organizations (13%) expect this to happen in five years.
What share of net patient revenue does/will value-based and fee-for-service payment models represent at your organization?

**CURRENTLY**
- Value-based models: 18%
- Fee-for-service models: 82%

**THREE YEARS FROM NOW**
- Value-based models: 44%
- Fee-for-service models: 56%

Base = 210
Base = 218

Among respondents who are fully committed and underway with value-based care or have experimental or pilot programs underway, net patient revenue is currently 18% value-based and 82% fee-for-service. Prospects for growth in value-based net patient revenue are robust, with respondents expecting value-based payment models to account for 44% of net patient revenue while fee-for-service will account for 56% in three years.

Based on the size of the organization's current total net patient revenue, responses indicate that large organizations currently have larger shares coming from value-based models (24%) than medium or small organizations (17% each). Across organizations of all sizes, the trend to more net patient revenue from value-based models in three years is evident: large (48%), small (45%), and medium (39%).

As one would expect, respondents who say their organizations are fully committed and underway with the transition to value-based care currently are generating a greater share of net patient revenue from value-based models (29%) than respondents who say their organizations are involved in experimental or pilot programs (18%), those who will pursue value-based care but have not yet begun (7%), or those who are examining how or whether to pursue value-based care (3%).

Expectations for value-based net patient revenue in three years follows a similar pattern. Organizations that are fully committed and underway with value-based care expect to boost value-based net patient revenue 25 points to 54%; respondents who say their organizations are involved in experimental or pilot programs expect an increase of 27 points to 45%; those who will pursue value-based care but have not yet begun expect a boost of 26 points to 33%; and among those who are examining how or whether to pursue value-based care, the share of value-based revenue is expected to climb 16 points to 19%.
What do you see as the top three barriers preventing your organization from pursuing the transition to value-based care with more vigor?

**Revenue stream uncertainty** (44%), **inadequate payer incentives** (42%), and **inadequate IT infrastructure, tools** (36%) are the top three barriers respondents cite as preventing their organization from pursuing the transition to value-based care with more vigor. Responses for **inadequate physician engagement** (35%), **insufficient value-based care metrics** (33%), and **inadequate risk-based contracting models** (32%) follow closely behind. Note that only 2% of respondents say that they have no barriers, indicating that there are a variety of challenges for providers to overcome.

A greater share of hospitals (51%) and health systems (49%) than physician organizations (41%) cite revenue stream uncertainty, and a greater share of physician organizations (53%) than health systems (48%) and hospitals (39%) mention inadequate payer incentives. Further, a greater share of physician organizations (47%) than health systems (38%) and hospitals (24%) cite inadequate IT infrastructure, tools.
FIGURE 6: Threats and Opportunities

Does your organization consider each of the following to be mostly a threat or mostly an opportunity?

<table>
<thead>
<tr>
<th>Dimension</th>
<th>Threat</th>
<th>Opportunity</th>
<th>Don’t know</th>
</tr>
</thead>
<tbody>
<tr>
<td>Clinical integration</td>
<td>4%</td>
<td>91%</td>
<td>5%</td>
</tr>
<tr>
<td>Care continuum relationships, clinical</td>
<td>5%</td>
<td>87%</td>
<td>8%</td>
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<tr>
<td>Health information exchange</td>
<td>6%</td>
<td>84%</td>
<td>10%</td>
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<tr>
<td>Patient as consumer</td>
<td>9%</td>
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<td>Care continuum relationships, financial</td>
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<td>66%</td>
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<td>Shared risk, shared reward payments</td>
<td>22%</td>
<td>65%</td>
<td>13%</td>
</tr>
<tr>
<td>CMS’ value-based payment efforts</td>
<td>31%</td>
<td>56%</td>
<td>13%</td>
</tr>
<tr>
<td>Provider consolidation</td>
<td>33%</td>
<td>51%</td>
<td>15%</td>
</tr>
<tr>
<td>Industry movement toward full capitation</td>
<td>50%</td>
<td>30%</td>
<td>20%</td>
</tr>
<tr>
<td>Retail healthcare (e.g., pharmacies, big-box stores)</td>
<td>51%</td>
<td>27%</td>
<td>21%</td>
</tr>
<tr>
<td>Payer consolidation</td>
<td>63%</td>
<td>19%</td>
<td>17%</td>
</tr>
</tbody>
</table>

Base = 310

Respondents consider payer consolidation (63%), retail healthcare (e.g., pharmacies, big-box stores) (51%), and industry movement toward full capitation (50%) as the top threats they face. Interestingly, the top three threats also receive the highest responses for “Don’t know”—although the order is different—indicating a degree of uncertainty around their ultimate impact on the industry.

Notably, respondents consider payer consolidation (63%) a bigger threat than provider consolidation (33%), perhaps indicating a concern by the provider-oriented respondents in our survey that payers are gaining an edge in negotiating leverage. A greater share of health systems (80%) than physician organizations (67%) and hospitals (58%) say payer consolidation is a threat, and based on net patient revenue, a greater share of large organizations (74%) than small (62%) and medium (62%) organizations say this.

At the other end of the spectrum, respondents say that they consider clinical integration (91%), care continuum relationships, clinical (87%), health information exchange (84%), and patient as consumer (83%) as the top opportunities for their organizations. Following a similar pattern as with the top threats, these four items receive the lowest responses for “Don’t know.” This is an indication that the more respondents consider the status of something as known, the less likely it is that they will consider it as a threat to their organizational operations.

The high response for clinical integration and care continuum relationships (clinical) as opportunities is a very positive finding. It indicates that providers fully understand the key role these strategies play in delivering quality outcomes at lower costs.
When considering the care continuum, which elements are very important to your organization's strategy?

- Primary care: 84%
- Specialty care: 70%
- Acute care: 58%
- Home health: 54%
- Skilled nursing: 51%
- Palliative care: 44%
- Urgent care clinics: 43%
- Hospice: 35%
- Long-term rehab: 33%
- Long-term acute care: 29%
- Assisted living: 22%
- Occupational therapy: 22%
- Other: 5%

Base = 310, Multi-Response

Not surprisingly, the top response for elements considered very important to respondents’ organizational strategies in terms of the care continuum is primary care (84%), followed by specialty care (70%). Responses making up the second tier are acute care (58%), home health (54%), and skilled nursing (51%).

A greater share of respondents from health systems (73%) than hospitals (61%) and physician organizations (26%) cite home health as a very important element in organizational strategy when considering the care continuum, and a greater share of respondents from health systems (65%) than hospitals (47%) and physician organizations (27%) mention skilled nursing. Both of these elements are key components of a value-based care approach.

A greater share of nonprofit organizations (89%) than for-profit organizations (76%) mention primary care, and a greater share of nonprofit organizations (64%) than for-profit organizations (46%) cite acute care as very important elements in organizational strategy when considering the care continuum.
FIGURE 8: Plan for Postacute Care Segment

Regarding the care continuum and postacute care specifically, what is your organization’s plan for the postacute care segment of the industry?

- Looking to develop stronger relationships: 67%
- Looking to partner with providers: 55%
- Looking to acquire providers: 22%
- Not a significant part of our business: 7%
- Don’t know: 5%

Base = 310, Multi-Response

The top responses for care continuum and postacute care organizational plans are looking to develop stronger relationships (67%), followed by looking to partner with providers (55%) and looking to acquire providers (22%). Responses are inversely correlated with the level of commitment required by their organizations, indicating that respondents see value in more informal relationships and recognize that care continuum and postacute care plans don’t necessarily require spending financial resources or entering into complex agreements.

Note that financial resources may also play a role in the degree to which respondent organizations seek to acquire providers in the care continuum. For example, based on net patient revenue, more large (31%) and medium (27%) organizations than small organizations (17%) say they are looking to acquire providers. And financial resources also impact the degree to which respondents say they are looking to partner with providers, with more large organizations (69%) than small (57%) and medium (51%) organizations saying this.

Interestingly, respondents who cite looking to acquire providers indicate they have a greater share of value-based net patient revenue (27%) than those who mention looking to partner with providers (19%) and those looking to develop stronger relationships (18%). Respondents who say care continuum and postacute care plans are not a significant part of their business have the lowest value-based care percentage (7%). This indicates that, as providers make increasingly greater commitments to value-based care, such as owning parts of the continuum associated with postacute care, there is a corresponding increase in value-based net patient revenue.
Respondents indicate that the top investment areas over the next three years are data analytics (71%), care redesign efforts (65%), patient experience improvement (61%), and care coordinators (60%). All of these are key elements of a value-based approach to providing healthcare.

A greater share of respondents from health systems (87%) than hospitals (65%) and physician organizations (63%) cite data analytics as an investment their organization will begin or increase over the next three years, and a greater share of health systems (76%) than hospitals (69%) and physician organizations (59%) mention care redesign efforts. Further, a greater share of respondents from health systems (73%) than hospitals (58%) and physician organizations (51%) cite care coordinators.

Based on net patient revenue, a greater share of respondents from large organizations (83%) than small (69%) and medium (76%) organizations cite data analytics as an investment their organization will begin or increase over the next three years, and a greater share of respondents from medium (73%) and large organizations (72%) than small (63%) organizations mention care redesign efforts.
Thirty-nine percent of respondents say they are very satisfied with their job, and 44% say they are satisfied. Responses for job satisfaction reveal a continued positive trend relative to results for the last two years. For example, the combined result for very satisfied or satisfied (83%) is five percentage points higher than the 2016 results (78%), and eight percentage points higher than the 2015 results (75%).

Twelve percent of respondents say they are neutral about their job, 5% are dissatisfied, and 1% are very dissatisfied. These results indicate a slightly improving trend for neutral, which was 15% in 2016 and 18% in 2015. The combined result for dissatisfied or very dissatisfied (6%) regarding job satisfaction is one percentage point lower than the 2016 results (7%), and the same as the 2015 results (6%), remaining flat.

Job satisfaction results for CEOs are slightly more positive than the results for non-CEOs: very satisfied (43% versus 38%, respectively), satisfied (49% versus 43%), neutral (6% versus 12%), dissatisfied (3% versus 5%), and very dissatisfied (0% versus 1%).
Eighteen percent of respondents report negative operating margin for the most recent fiscal year, and 65% posted positive margin. Three percent report that results are flat. These results are relatively comparable to last year’s survey in which 15% reported negative operating margin and 70% positive margin.

A greater share of hospitals (25%) and physician organizations (18%) than health systems (9%) report a negative operating margin, and based on net patient revenue, a greater share of small (17%) and medium (19%) organizations than large (4%) organizations report a negative operating margin.

Likewise, a greater share of nonprofit organizations (21%) than for-profit organizations (13%) have a negative operating margin, and a greater share of rural organizations (39%) than non-rural organizations (16%) say this.
What is your organization’s financial forecast for the 2017 (or current) fiscal year?

Forty-one percent of respondents say they expect their organizations will produce positive financial results in their current fiscal year, and another 9% expect strongly positive results. Conversely, 11% of respondents indicate that their organizations have a negative financial outlook, and 4% have a strongly negative outlook. Thirty-two percent expect results to be flat.

The combined results for positive or strongly positive (50%) are seven percentage points lower compared with last year’s survey (57%), and the combined results for negative or strongly negative (15%) are four points higher (11%), indicating that financial conditions continue to be challenging for many providers. The results for flat (32%) are five percentage points higher (27%) than last year.

Interestingly, while a greater share of rural organizations (47%) than non-rural organizations (39%) expect positive or strongly positive financial results, the survey data also indicates that a greater share of rural organizations (33%) than non-rural organizations (12%) expect negative or strongly negative results. Note that a greater share of non-rural organizations (45%) than rural organizations (21%) expect financial results to be flat.
Which of the following will be the top three positive influences on your organizations’ efforts to reach financial targets over the next three years?

- Cost control (49%)
- Care models (e.g., population health, medical home) (39%)
- Strategic partnerships with providers (37%)
- Physician-hospital alignment (33%)
- Revenue cycle (28%)
- Healthcare IT and analytics (25%)
- Strategic partnerships with payers (24%)
- Care standardization (24%)
- Care redesign (19%)
- Expansion of ambulatory/outpatient care (19%)
- Other (3%)

Base = 310, Multi-Response

Nearly half of respondents say that cost control (49%) is among the top three areas having a positive influence on their organizations’ efforts to reach financial targets over the next three years, followed by care models (e.g., population health, medical home) (39%), and strategic partnerships with providers (37%).

The results reveal some important differences compared with last year’s survey—while cost control remained relatively flat from last year (up three percentage points), care models increased eight percentage points from the 31% level reported in both the 2016 and 2015 surveys, and physician-hospital alignment declined five percentage points from last year’s survey and is down 11 points overall from the 2015 survey level of 44%. The response for care models is an indication that the trend towards value-based care is expected to start paying dividends in the relatively near future.

A greater share of physician organizations (56%) and health systems (53%) than hospitals (34%) mention cost control as one of the top three positive influences on organizational efforts to reach financial targets over the next three years, and a greater share of hospitals (53%) than health systems (37%) and physician organizations (26%) cite physician-hospital alignment.
More than half (55%) of respondents say that expanding outpatient services is how their organization will fuel financial growth over the next five years, followed by developing or joining a shared risk, shared savings effort (50%), and executing a campaign to extend an existing market (39%). This year’s survey results are comparable to last year’s, where the top three were expanding outpatient services (56%), developing or joining a shared risk, shared savings effort (49%), and executing a campaign to extend an existing market (46%).

A greater share of hospitals (77%) and health systems (70%) than physician organizations (40%) cite expanding outpatient services to fuel financial growth over the next five years, and a greater share of health systems (53%) and hospitals (51%) than physician organizations (44%) mention developing or joining a shared risk, shared savings effort to do the same. Further, a greater share of hospitals (47%) and health systems (41%) than physician organizations (25%) cite executing a campaign to extend an existing market to fuel their financial growth.

Note that organizational size is also correlated with the degree to which respondents say their organizations will fuel financial growth through expanding outpatient services. For example, based on net patient revenue, a greater share of large (71%) organizations than small (58%) and medium (49%) organizations say they expect to grow this way.
Of the following areas of healthcare IT, please rank the top three according to their strategic importance in supporting your organization's efforts to reach its financial targets over the next three years.

<table>
<thead>
<tr>
<th>Area</th>
<th>First ranked</th>
<th>Second ranked</th>
<th>Third ranked</th>
<th>Base = 310 Ranking</th>
</tr>
</thead>
<tbody>
<tr>
<td>Data-driven knowledge of patient health factors</td>
<td>18%</td>
<td>26%</td>
<td>19%</td>
<td>63%</td>
</tr>
<tr>
<td>Predictive analytics</td>
<td>18%</td>
<td>17%</td>
<td>16%</td>
<td>51%</td>
</tr>
<tr>
<td>Clinical IT</td>
<td>22%</td>
<td>15%</td>
<td>13%</td>
<td>50%</td>
</tr>
<tr>
<td>EHR interoperability</td>
<td>23%</td>
<td>16%</td>
<td>11%</td>
<td>50%</td>
</tr>
<tr>
<td>Telehealth</td>
<td>7%</td>
<td>10%</td>
<td>10%</td>
<td>27%</td>
</tr>
<tr>
<td>Mobile health, mobile technology</td>
<td>3%</td>
<td>6%</td>
<td>14%</td>
<td>23%</td>
</tr>
<tr>
<td>Security</td>
<td>5%</td>
<td>4%</td>
<td>10%</td>
<td>19%</td>
</tr>
<tr>
<td>Actuarial skills for risk assessment</td>
<td>5%</td>
<td>5%</td>
<td>6%</td>
<td>16%</td>
</tr>
</tbody>
</table>

Nearly one-quarter (23%) of respondents say that EHR interoperability is the first-ranked area in strategic importance for healthcare IT, followed by clinical IT (22%), predictive analytics (18%), and data-driven knowledge of patient health factors (18%). Compared to results from last year’s survey, clinical IT is down 6 points from 28%, EHR interoperability is down 2 points from 25%, predictive analytics is the same at 18%, and data-driven knowledge of patient health factors is up 7 points from 11%.

A greater share of hospitals (34%) than health systems (22%) and physician organizations (21%) cite EHR interoperability as first ranked in strategic importance for healthcare IT. And based on net patient revenue, a greater share of small organizations (28%) than medium (21%) and large (9%) organizations mention this.

Based on net patient revenue, a greater share of large organizations (28%) than small (11%) and medium (17%) organizations mention data-driven knowledge of patient health factors as the top area in strategic importance for healthcare IT.

Taken in aggregate, combining first-, second-, and third-place rankings, respondents indicate that data-driven knowledge of patient health factors (63%) has the highest response level overall for strategic importance for healthcare IT. Responses for predictive analytics (51%), clinical IT (50%), and EHR interoperability (50%) form a second tier.
FIGURE 16: Examining Service Lines

Three years from now, what service lines do you expect to be the most strategically significant to your organization?

Respondents indicate that they expect primary care (52%) to be the most strategically significant service line to their organizations in three years. Responses for wellness/preventive (34%), behavioral health (29%), and heart/vascular (27%) round out the top of the list. Primary care and wellness/preventive service lines are key components of a value-based approach to healthcare.

At 2%, the response for genetics indicates that this promising service line is still in the early stages.
More than half (53%) of respondents say that postacute care programs are very important to the success of their organizations’ service line strategy, and 31% say these are somewhat important. Only 5% indicate that postacute care programs are somewhat unimportant, and 8% say that these are not at all important.

A greater share of health systems (58%) and hospitals (57%) than physician organizations (33%) say postacute care programs are very important, and conversely, a greater share of physician organizations (26%) than hospitals (1%) and health systems (0%) indicate that this is not important at all.

Interestingly, a greater share of nonprofit organizations (57%) than for-profit organizations (47%) say postacute care programs are very important, and a greater share of nonprofit organizations (35%) than for-profit organizations (23%) say that this is somewhat important. On the other hand, a greater share of for-profit organizations (19%) than nonprofit organizations (1%) say that this is not at all important.
How would you rate the current overall performance of the following groups or individuals in your organization?

<table>
<thead>
<tr>
<th></th>
<th>Very strong</th>
<th>Strong</th>
<th>Neutral</th>
<th>Weak</th>
<th>Very weak</th>
</tr>
</thead>
<tbody>
<tr>
<td>CEO</td>
<td>43%</td>
<td>37%</td>
<td>12%</td>
<td>6%</td>
<td>1%</td>
</tr>
<tr>
<td>Leadership team</td>
<td>30%</td>
<td>45%</td>
<td>15%</td>
<td>8%</td>
<td>1%</td>
</tr>
<tr>
<td>Board of trustees</td>
<td>25%</td>
<td>36%</td>
<td>28%</td>
<td>8%</td>
<td>4%</td>
</tr>
<tr>
<td>Finance staff</td>
<td>24%</td>
<td>47%</td>
<td>20%</td>
<td>7%</td>
<td>2%</td>
</tr>
<tr>
<td>Nursing staff</td>
<td>22%</td>
<td>45%</td>
<td>27%</td>
<td>5%</td>
<td>1%</td>
</tr>
<tr>
<td>Physician staff</td>
<td>21%</td>
<td>42%</td>
<td>28%</td>
<td>7%</td>
<td>2%</td>
</tr>
<tr>
<td>IT staff</td>
<td>15%</td>
<td>36%</td>
<td>33%</td>
<td>12%</td>
<td>3%</td>
</tr>
<tr>
<td>Data analytics staff</td>
<td>10%</td>
<td>28%</td>
<td>33%</td>
<td>21%</td>
<td>8%</td>
</tr>
</tbody>
</table>

Base = 310

Forty-three percent of respondents rate their CEOs’ performance as very strong, making them the top performing group/individual. The result is up four percentage points over last year’s survey (39%). A greater share of health systems (56%) than hospitals (39%) and physician organizations (33%) say CEOs are the top performing group/individual, as do a greater share of nonprofit organizations (48%) than for-profit organizations (34%).

Thirty percent of respondents rate the leadership team’s performance as very strong, giving them the second-highest response. A greater share of CEOs (37%) than non-CEOs (29%) say this.

The groups receiving the lowest responses for very strong are data analytics staff (10%) and IT staff (15%). While only 6% of CEOs and 11% non-CEOs say data analytics staff performance is very strong, 46% of CEOs and 26% of non-CEOs indicate that performance is strong, leading to an overall rating of 28%. Last year, the response for data analytics for very strong was 8%, indicating that progress in this important area has been slow in coming.

In a similar vein, while only 17% of CEOs and 15% of non-CEOs say IT staff performance is very strong, 46% of CEOs and 35% of non-CEOs indicate that performance is strong, leading to an overall 36% rating for strong. Last year, the response for IT staff for very strong was 11%, four percentage points lower than in this year’s survey.
## Survey Results

### Figure 19: Overall Performance in Various Areas

How would you rate your organization’s current performance in the following areas?

<table>
<thead>
<tr>
<th></th>
<th>Very strong</th>
<th>Strong</th>
<th>Neutral</th>
<th>Weak</th>
<th>Very weak</th>
</tr>
</thead>
<tbody>
<tr>
<td>Fiscal management</td>
<td>22%</td>
<td>45%</td>
<td>25%</td>
<td>7%</td>
<td>1%</td>
</tr>
<tr>
<td>Prospects for growth</td>
<td>19%</td>
<td>52%</td>
<td>22%</td>
<td>7%</td>
<td>1%</td>
</tr>
<tr>
<td>Collaboration/relationships with providers</td>
<td>13%</td>
<td>49%</td>
<td>28%</td>
<td>8%</td>
<td>2%</td>
</tr>
<tr>
<td>Strategic planning</td>
<td>13%</td>
<td>48%</td>
<td>25%</td>
<td>12%</td>
<td>2%</td>
</tr>
<tr>
<td>Physician-hospital alignment</td>
<td>12%</td>
<td>36%</td>
<td>38%</td>
<td>12%</td>
<td>2%</td>
</tr>
<tr>
<td>Physician recruitment and retention</td>
<td>12%</td>
<td>42%</td>
<td>31%</td>
<td>12%</td>
<td>3%</td>
</tr>
<tr>
<td>Nurse recruitment and retention</td>
<td>10%</td>
<td>35%</td>
<td>39%</td>
<td>13%</td>
<td>3%</td>
</tr>
<tr>
<td>Capacity management</td>
<td>10%</td>
<td>36%</td>
<td>42%</td>
<td>10%</td>
<td>2%</td>
</tr>
<tr>
<td>Collaboration/relationships with payers</td>
<td>10%</td>
<td>37%</td>
<td>39%</td>
<td>10%</td>
<td>3%</td>
</tr>
<tr>
<td>Price transparency</td>
<td>8%</td>
<td>25%</td>
<td>39%</td>
<td>22%</td>
<td>6%</td>
</tr>
<tr>
<td>Other</td>
<td>14%</td>
<td>27%</td>
<td>36%</td>
<td>5%</td>
<td>18%</td>
</tr>
</tbody>
</table>

*Base = 310*

Nearly three-quarters (71%) of respondents say that their prospects for growth are very strong or strong, with responses for fiscal management (67%), collaboration/relationships with providers (62%), and strategic planning (61%) following closely behind.

A greater share of CEOs (80%) than non-CEOs (70%) say their organization’s prospects for growth are very strong or strong, and a greater share of CEOs (80%) than non-CEOs (65%) rate their organization’s fiscal management as very strong or strong. Further, a greater share of for-profit organizations (77%) than nonprofit organizations (68%) indicate that prospects for growth are very strong or strong.

The area receiving the lowest response for very strong or strong is price transparency (33%), which continues to be a challenge for the industry. Based on net patient revenue, a greater share of small organizations (37%) than medium (28%) and large (26%) organizations say price transparency is strong or very strong. And a greater share of rural organizations (44%) than non-rural organizations (14%) say this.
In a positive finding, 85% of respondents say that their organizations’ performance on dedication to mission is very strong or strong, with responses for clinical quality and patient safety (82%) and patient experience (64%) completing the top three.

A greater share of hospitals (90%) and health systems (87%) than physician organizations (79%) say performance on dedication to mission is very strong or strong, and a greater share of health systems (85%) and hospitals (83%) than physician organizations (72%) indicate that clinical quality and patient safety performance is very strong or strong. Interestingly, a greater share of hospitals (64%) and physician organizations (68%) than health systems (51%) say that performance for patient experience is very strong or strong. Further, patient experience performance is inversely correlated with organizational size. Based on net patient revenue, a greater share of small organizations (70%) than medium (61%) and large (55%) organizations say that this is very strong or strong.

The function receiving the lowest response for very strong or strong performance is population health management (30%). This category has been improving slowly over the four years we have tracked responses. In the 2014 survey, weak or very weak accounted for 32% of responses, and that is now down to 28%; that same four-point shift transferred to the strong or very strong side, increasing from 26% to 30%. A greater share of health systems (40%) than hospitals (26%) and physician organizations (14%) say their organizations’ performance on this is very strong or strong.

<table>
<thead>
<tr>
<th>Function</th>
<th>Very strong</th>
<th>Strong</th>
<th>Neutral</th>
<th>Weak</th>
<th>Very weak</th>
</tr>
</thead>
<tbody>
<tr>
<td>Dedication to mission</td>
<td>49%</td>
<td>36%</td>
<td>11%</td>
<td>3%</td>
<td>0%</td>
</tr>
<tr>
<td>Clinical quality and patient safety</td>
<td>34%</td>
<td>48%</td>
<td>15%</td>
<td>2%</td>
<td>1%</td>
</tr>
<tr>
<td>Patient experience</td>
<td>21%</td>
<td>43%</td>
<td>26%</td>
<td>9%</td>
<td>0%</td>
</tr>
<tr>
<td>Care continuum collaboration</td>
<td>13%</td>
<td>35%</td>
<td>37%</td>
<td>14%</td>
<td>1%</td>
</tr>
<tr>
<td>Care coordination</td>
<td>12%</td>
<td>45%</td>
<td>30%</td>
<td>12%</td>
<td>1%</td>
</tr>
<tr>
<td>Cost control</td>
<td>11%</td>
<td>41%</td>
<td>36%</td>
<td>12%</td>
<td>1%</td>
</tr>
<tr>
<td>Financial/business analytics</td>
<td>11%</td>
<td>43%</td>
<td>30%</td>
<td>14%</td>
<td>2%</td>
</tr>
<tr>
<td>Healthcare IT</td>
<td>9%</td>
<td>33%</td>
<td>38%</td>
<td>16%</td>
<td>3%</td>
</tr>
<tr>
<td>Clinical analytics</td>
<td>7%</td>
<td>31%</td>
<td>36%</td>
<td>24%</td>
<td>2%</td>
</tr>
<tr>
<td>Population health management</td>
<td>6%</td>
<td>24%</td>
<td>42%</td>
<td>23%</td>
<td>5%</td>
</tr>
</tbody>
</table>

Base = 310
The 2017 Annual Industry Outlook Survey was conducted by the HealthLeaders Media Intelligence Unit, powered by the HealthLeaders Media Council. It is part of a series of monthly thought leadership studies. In October 2016, an online survey was sent to the HealthLeaders Media Council and select members of the HealthLeaders Media audience at healthcare provider organizations. A total of 310 completed surveys are included in the analysis. Base size varies between 197 and 310 according to respondents’ knowledge of the question. The margin of error for a base of 310 is +/-5.5% at the 95% confidence interval.

UPCOMING INTELLIGENCE REPORT TOPICS

MARCH
Nursing Excellence

APRIL
Mergers, Acquisitions, and Partnerships

MAY
Value-Based Readiness

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RESPONDENT PROFILE

TITLE

Respondents represent titles from health systems; hospitals; physician organizations; ancillaries, allied providers; health plans/insurers; long-term SNFs; and government, education/academia.

Base = 310

- **57%** Senior leaders
- **19%** Operations leaders
- **15%** Clinical leaders
- **4%** Financial leaders
- **4%** Marketing leaders
- **1%** Information leaders

**SENIOR LEADERS**
- CEO, Administrator, Chief Operations Officer, Chief Medical Officer, Chief Financial Officer, Executive Dir., Partner, Board Member, Principal Owner, President, Chief of Staff, Chief Information Officer, Chief Nursing Officer, Chief Medical Information Officer

**CLINICAL LEADERS**
- Chief of Cardiology, Chief of Neurology, Chief of Oncology, Chief of Orthopedics, Chief of Radiology, Dir. of Ambulatory Services, Dir. of Clinical Services, Dir. of Emergency Services, Dir. of Inpatient Services, Dir. of Intensive Care Services, Dir. of Nursing, Dir. of Rehabilitation Services, Service Line Director, Dir. of Surgical/Perioperative Services, Medical Director, VP/Dir. Clinical Informatics, VP/Dir. Clinical Quality, VP Clinical Services, VP Medical Affairs (Physician Mgmt/MD), VP Nursing

**OPERATIONS LEADERS**
- Chief Compliance Officer, Chief Purchasing Officer, Asst. Administrator, Chief Counsel, Dir. of Patient Safety, Dir. of Purchasing, Dir. of Quality, Dir. of Safety, VP/Dir. Compliance, VP/Dir. Human Resources, VP/Dir. Operations/Administration, Other VP

**FINANCIAL LEADERS**
- VP/Dir. Finance, HIM Director, Director of Case Management, Director of Patient Financial Services, Director of RAC, Director of Reimbursement, Director of Revenue Cycle

**MARKETING LEADERS**
- VP/Dir. Marketing/Sales, VP/Dir. Media Relations

**INFORMATION LEADERS**
- Chief Technology Officer, VP/Dir. Technology/MIS/IT

**TYPE OF ORGANIZATION**

Base = 310
- Health System (IDN/IDS) 28%
- Hospital 24%
- Physician Org (MSO, IPA, PHO, Clinic) 24%
- Ancillary, Allied Provider (Home Health, Lab, Rehab Postacute, etc.) 8%
- Health Plan/Insurer (HMO/PPO/MCO/PBM) 7%
- Long-term care/SNF 7%
- Government, Education/Academia 3%

**NUMBER OF BEDS**

Base = 74 (Hospitals)
- 1-199 (Small) 41%
- 200-499 (Medium) 45%
- 500+ (Large) 15%

**NUMBER OF SITES**

Base = 86 (Health systems)
- 1-5 (Small) 19%
- 6-20 (Medium) 23%
- 21+ (Large) 58%

**NUMBER OF PHYSICIANS**

Base = 73 (Physician org)
- 1-9 (Small) 34%
- 10-49 (Medium) 23%
- 50+ (Large) 42%

**REGION**

- **WEST:** Washington, Oregon, California, Alaska, Hawaii, Arizona, Colorado, Idaho, Montana, Nevada, New Mexico, Utah, Wyoming
- **MIDWEST:** North Dakota, South Dakota, Nebraska, Kansas, Missouri, Iowa, Minnesota, Illinois, Indiana, Michigan, Ohio, Wisconsin
- **SOUTH:** Texas, Oklahoma, Arkansas, Louisiana, Mississippi, Alabama, Tennessee, Kentucky, Florida, Georgia, South Carolina, North Carolina, Virginia, West Virginia, DC, Maryland, Delaware
- **NORTHEAST:** Pennsylvania, New York, New Jersey, Connecticut, Vermont, Rhode Island, Massachusetts, New Hampshire, Maine
POWERING MODERN HEALTH CARE TAKES MANY PARTNERS

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