

# 16TH ANNUAL HIMSS LEADERSHIP SURVEY

November 22, 2005



## Healthcare CEO Results: Final Report

# **16<sup>th</sup> Annual HIMSS Leadership Survey**

Superior Consultant Company/ACS Healthcare Solutions

## **Final Report: Healthcare Provider Chief Executive Officer**

Sponsored by Superior Consultant Company/ACS Healthcare Solutions, the 16th Annual HIMSS Leadership Survey reports the opinions of information technology (IT) executives from healthcare provider and vendor organizations from across the U.S. regarding the use of IT in their organizations. The survey is designed to obtain information about IT priorities, barriers, applications, and other crucial factors in the use of IT to enhance healthcare.

This is the second in a series of four reports on findings from the 16<sup>th</sup> Annual HIMSS Leadership Survey. It reflects the opinions of presidents and chief executive officers from healthcare provider organizations across the United States. The first report, released in February 2005, presents the opinions of CIOs at healthcare provider organizations. The final report will represent the opinions of clinician executives at provider organizations and CEOs from vendor organizations.

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## Methodology

To ensure the most informed, representative coverage of the field possible, data were solicited from one individual per healthcare provider organization. More than 1,100 CEOs at healthcare organizations across the United States were sent electronic invitations to this year's survey. This format helped ensure that each organization was represented only one time in the survey.

One senior-level executive from 53 healthcare organizations completed the self-administered Web-based questionnaire in December 2004 and January 2005. Data from healthcare CIOs were captured in a separate survey, the results of which were reported at the 2005 Annual HIMSS Conference and Exhibition in February 2005.

## Profile of Survey Respondents

Half of the respondents reported their position to be president or chief executive officer (CEO); specifically, 30 percent of the respondents are corporate presidents/CEOs, and another 21 percent are facility-level presidents or CEOs. Another 17 percent indicated that they are administrators and 26 percent responded that their position was that of director. The remaining respondents all fall into the "other" category.

Approximately half of the respondents – (43 percent) – reported that they worked for a stand-alone hospital. Another 32 percent reported that they work for a hospital that is part of a multi-hospital system or network, and 19 percent indicate that they work at the corporate offices of a healthcare delivery system. Approximately four percent of the respondents indicated that they work for a physician office, clinic or ambulatory care facility. The remaining respondents work for a long term care facility.

Respondents were also asked to identify the number of hospitals that they were responsible for overseeing. Over three-quarters of the respondents (79 percent) indicate that they are responsible for the operations of only one hospital. Another eight percent indicate that they are responsible for two facilities and six percent each note that they are responsible for three or four facilities.

Annual gross revenue for the hospitals represented in the survey is:

- \$2 million or less—8 percent;
- \$2 million to \$10 million—none;
- \$11 million to \$50 million—14 percent;
- \$51 million to \$200 million—42 percent;
- \$201 million to \$350 million—10 percent;
- \$351 million to \$500 million—10 percent;
- \$501 million to \$1 billion—10 percent;
- More than \$1 billion—6 percent;
- Don't Know/Not Applicable—2 percent.

Nearly twenty percent of respondents are from the East North Central region, which includes Illinois, Indiana, Michigan, Ohio and Wisconsin. Another 15 percent are from the Middle Atlantic region, which includes New Jersey, New York and Pennsylvania. Four other regions each have 12 percent of respondents.

**Figures:**

Figure 1. Participant Profile—Titles

Figure 2. Participant Profile—Facility Type

Figure 3. Participant Profile—Region

Figure 4. Participant Profile—Number of Hospitals

Figure 5. 2005 Healthcare Organization Total Annual Revenue

## IT Priorities

**CEOs identify physician relations as the issue they deal with on a daily basis; operational efficiency and Medicare cutbacks are two top issues that will affect healthcare in the next two years, they say. Nearly half of the respondents indicated that their IT plan mirrors the organizational strategic plan; and 57 percent reported that the CIO at their facility was considered part of the executive team. Fifteen percent of respondents indicate that IT fully supports the issues they deal with on a daily basis; and 33% indicated that they had a high degree of confidence in their IT departments to deliver on-time, on-budget projects.**

When asked to identify the business issues that would affect healthcare in the next two years, respondents were most likely to identify operational efficiency and Medicare cutbacks—each of these responses was identified by 55 percent of the respondents. Increasing patient safety, increasing patient satisfaction and cost pressures were each identified by 47 percent of respondents. None of the respondents identified complying with managed care requirements or mergers/consolidation as business issues that would impact healthcare in the next two years.

Respondents also were asked to identify the two concerns or issues that they consistently dealt with on a daily basis. Topping the list was physician relations, which was identified by 41 percent of respondents. This was followed by clinical quality (33 percent) and competitive profitability (31 percent). At the bottom of the list were medication administration (4 percent) and pharmaceutical costs (2 percent). None of the respondents identified bidding on contracts as a top of mind issue.

When asked if IT supported the concerns identified above, fifteen percent of the respondents said IT fully supports the concerns that they deal with on a daily basis, while three-quarters (76 percent) indicated that IT provided them with partial support. Only seven percent of the individuals responding to this survey indicated that IT offered them no support in dealing with the challenges they face daily.

This is echoed in the responses that individuals provided to the following question—how closely does your facility's IT strategic plan mirror your organization's business plan? Almost half (48 percent) indicated that their facility's IT plan mirrors the strategic plan of the organization. Another 40 percent indicated that the alignment was somewhat close. Only six percent suggested that alignment between an IT strategic plan and the organizational plan was not at all close.

Although the CEOs in this study reported that IT provides some level of support to achieving day-to-day goals, they recognize that barriers to implementation abound. Twenty percent of respondents note that there is a lack of adequate financial support for IT at their organization. Another 16 percent indicate that the lack of a strategic IT plan (or the failure to implement their plan) is a significant barrier to IT implementation. Difficulty in achieving ROI, a lack of clinical leadership and vendors' inability to effectively deliver satisfactory products were each identified by 10 percent of survey respondents.

Respondents also were asked to identify the biggest frustration they encountered regarding the use of information technology at their facilities. Six percent of respondents indicated that they had no frustrations with respect IT. Among those who noted a concern, measuring value was identified by 29 percent of respondents as their biggest frustration. Another 18 percent cited

escalating costs as an issue that was most frustrating to them, and 16 percent identified return on investment as a concern. IT leadership was identified by only ten percent of respondents.

Despite these frustrations, CEOs at the facilities represented in this study are reasonably confident that their organization's IT department will consistently deliver on-time, on-budget projects. Fifty-seven percent of respondents indicated that they had some degree of confidence in their IT department, with another 33 percent indicated that they had a high degree of confidence in their IT department. Eight percent of respondents reported that they had little confidence in their IT department to consistently deliver on-time, on-budget projects and two percent indicated that they have no confidence.

Slightly more than half of the respondents in this sample, 57 percent, indicated that the CIO at their organization is considered part of the executive team.

Three-quarters (76 percent) of the respondents in this survey indicated that their facilities IT operating budget would increase for 2005. Specifically, just over half of respondents indicated that the IT operating budget at their facility would definitely increase in 2005; 23 percent indicated that such an increase was probable. Seventeen percent indicated that their budget would not change from 2004 to 2005, and approximately six percent indicated a probable budget decrease. Nearly half of the respondents (46 percent) indicated that they change in their organization's budget would be by less than 2.5 percent.

Thirty-eight percent of the respondents indicated that more than 20% of their organization's IT spending is controlled outside the IT department. Another 10 percent indicated that 11% to 20% of the spending was controlled outside the department. Nearly one-quarter (21 percent) indicated that none of the organization's IT spending is controlled outside of the IT department.

#### **Figures:**

Figure 6. Top Business Issues Facing Healthcare (Within Next Two Years)

Figure 7. Most Significant Barrier to Implementing IT

Figure 8. Biggest Frustration Regarding Use of IT

Figure 9. Top Concerns/Issues Faced on a Daily Basis

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Figure 15. Percent of IT Spending Controlled Outside IT Department

## **Survey Sponsors**

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## **About HIMSS**

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## **How to Cite This Study**

Individuals are encouraged to cite this report and any accompanying graphics in printed matter, publications, or any other medium, as long as the information is attributed to the 16th Annual HIMSS Leadership Survey sponsored by Superior Consultant Company/ACS Healthcare Solutions

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