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Anthelio and Community Hospital 100 2nd Annual Survey Finds Community Hospitals Have Improving Operating Margins

67% Favor Romney Over President Obama

DALLAS, TX, October 18, 2012 – Anthelio, the leading independent provider of comprehensive healthcare information technology services and business process solutions for hospitals and other healthcare providers, today announced the results of the 2nd annual survey completed with Community Hospital 100. The survey provides insights into the financial health and new initiatives of community hospitals across the country, and was released on October 15, 2012 at the 2012 Community Hospital 100 Executive Management Conference in Tucson, Arizona.

The survey found that responding community hospitals are struggling financially and face significant challenges due to rising healthcare costs and lower reimbursements:

- **Operating Margins:** 23 percent of those surveyed reported having operating margins below 1 percent, and 23 percent reporting negative operating margins. Only 29 percent reported operating margins over 4 percent. However, the financial health of responding community hospitals improved over last year—those with operating margins over 4 percent increased from 23 percent to 29 percent and those with operating margins over 1% increased from 62 percent to 64 percent.
- **Rising Healthcare Costs:** 53 percent of the responding community hospitals reported that operating costs have increased by more than 5 percent during the past three years, as compared to 33 percent last year.
- **Readmission penalties:** 21 percent of the community hospitals surveyed estimated that the new readmission penalties would cause annual revenues to decrease over \$100,000 and 53 percent estimated a decrease of over \$25,000.
- **Value based purchasing:** 70 percent of the community hospitals surveyed expect an impact of under \$300,000 due to new value based purchasing rules, 18 percent expect no impact, and 5 percent expect an impact of over \$500,000.

67 percent of the respondents reported that Mitt Romney will have the most positive impact on improving the healthcare in the U.S. compared to 33 percent for President Obama, a strong indication that community hospitals do not like Obamacare.

Community hospitals surveyed identified the following priorities to improve operational efficiencies:

- **EMR Implementations:** 61 percent of the community hospitals have acquired and started their EMR implementations – 38 percent have completed and are operating EMRs compared to 23 percent last year.
- **ACOs participation:** 44 percent of the responding community hospitals stated that they will participate in an ACO compared to 29 percent last year.
- **Independence/consolidation:** 41 percent of the independent respondents reported that they will consider consolidation with a hospital system, whereas 59 percent want to remain independent.
- **Quality initiatives:** Reducing readmissions emerged as the top priority for community hospitals with 17% of the responses, and reducing hospital acquired infections was the second highest priority with 12% of the responses. Other major quality initiatives cited by respondents included improving patient satisfaction, improving patient safety and improving performance on core measures.

“The results of this survey indicate that community hospitals continue to face unprecedented operational and financial challenges that are expected to be exacerbated by a continuing barrage of new regulatory requirements such as the ‘meaningful use’ rules, the proposed readmission penalties and the new value based purchasing rules,” said Rick Kneipper, CEO (Interim) and Chief Strategy and Innovation Officer of Anthelio. “These challenges may stifle the innovations essential to improve top-line and bottom-line performance so that community hospitals can refocus their resources on maximizing patient care.”

A copy of the full survey results is available on the Anthelio website at

http://go.antheliohealth.com/CH1002012SurveyResults_Register.html

Survey Methodology

The community hospital financial health and new initiatives survey was conducted between August and October 2012 based on the results of an email questionnaire sent to 2,500 community hospitals with fewer than 300 acute beds. Responses were received from 82 community hospital executives representing 71 community hospitals. The survey was released to the community hospitals executives who attended the 2012 Community Hospital 100 Conference in Tucson, Arizona.

About Community Hospital 100

Community Hospital 100’s mission is to help lead the future of health in our communities by providing exceptional learning and relationship building opportunities for community hospital and system executives. The centerpiece of this group is an annual leadership conference, which is complemented by additional knowledge-sharing activities throughout the year. www.communityhospital100.com

About Anthelio

Anthelio is the largest independent provider of information technology and business process services to hospitals, physician practice groups and other healthcare providers. By provisioning hospitals with comprehensive, high-quality, flexible and secure IT and BP services, Anthelio improves hospitals’ healthcare services while reducing costs and streamlining processes. It leverages knowledge and expertise built over a decade of operations about clinical and administrative IT processes and best practices to provide improved IT and BP services at lower costs to customers. Anthelio is headquartered in Dallas, Texas. <http://www.antheliohealth.com>.