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Anthelio and Community Hospital 100 3rd Annual Community Hospital Survey reveals downtrend in operating margins and increased interest in partnerships (not mergers) with other hospitals

Dallas, Texas, October 21, 2013 – Anthelio, the leading independent provider of comprehensive healthcare information technology and services to hospitals and other healthcare providers, today announced the results of the 3rd annual community hospital 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 21, 2013 at the 2013 Community Hospital 100 Executive Management Conference in Greensboro, Georgia.

The survey found that responding community hospitals are struggling financially and facing significant challenges due to federal or state cuts to Medicare and Medicaid:

- **Operating Margins:** 23 percent of responding community hospitals had operating margins over 4 percent (a decrease from 29 percent last year). 29 percent reported negative operating margins as compared to 23 percent last year. The community hospitals with operating margins over 1 percent also fell to 60 percent from last year's 64 percent.
- **Medicare and Medicaid cuts:** Community hospitals reported ongoing decreases in revenues as a result of the federal and/or state cuts to Medicare and Medicaid. 8 percent of respondents reported a decrease of over \$10 million (up from 7 percent) and 54 percent had cuts of less than \$3 million (down from 60 percent).
- **Readmission penalties:** Community hospitals continue to expect decreases in revenues as a result of the CMS readmission penalties. 8 percent of respondents expect a revenue decrease of over \$1 million, 17 percent expect a decrease of \$100,000-\$999,000, 54 percent expect a decrease of less than \$100,000 and 21 percent expect no decrease.
- **Affordable Care Act (ACA):** 42 percent respondents think that ACA is a bad/very bad idea while 21 percent think it is a good/very good idea.

Community hospitals surveyed identified following initiatives to improve their operational efficiencies:

- **EMR implementations:** Community hospitals have made considerable progress towards EMR implementation. 40 percent of responding hospitals have completed and are operating EMRs. Almost all other responding community hospitals have acquired and partially implemented an EMR.
- **ICD-10 transitions:** 71 percent responding hospitals are in the process of implementing transitions to ICD-10, while 27 percent are planning to transition but have not yet started. While 39 percent of respondents have spent or anticipate spending less than \$100,000 on their ICD-10 transition, 40 percent will spend \$100,000-\$499,000, 13 percent will spend \$500,000-\$999,000 and 9 percent will spend more than \$1 million.
- **ACOs participation:** 17 percent of the responding community hospitals stated that they will not participate in an ACO, up from 10 percent last year. The number of respondents that said they are planning to join an ACO fell to 30 percent from 44 percent.
- **Independence/consolidation:** Only 17 percent expressed a desire to remaining independent as a long-term strategic plan compared to 59 percent last year. 74 percent of independent community hospital respondents plan to pursue partnerships with other hospitals without relinquishing ownership. Only 9 percent will consider consolidation with a hospital system, which is down significantly from 41 percent last year.
- **Quality initiatives:** Reducing readmissions was quoted as a top priority by 19 percent responding community hospitals. The other leading quality improvement initiatives cited by respondents were improving patient safety (10%), improving patient satisfaction (including HCAHPS) (10%), improving performance on core measures (8%) and reducing hospital acquire infections (6%).

“The results of this survey indicate that the continuing financial pressures on community hospitals are forcing a majority to develop plans to integrate with other organizations,” said Asif Ahmad, CEO of Anthelio. “However, the survey shows that 74 percent of responding community hospitals are only willing to pursue partnerships with other hospitals that do not relinquish ownership, and only 9 percent will consider consolidation with a hospital system compared to 41 percent last year.”

A copy of the full survey results is available on the Anthelio website at <http://www.antheliohealth.com/ch100-2013.html>

Survey Methodology

The community hospital financial health and new initiatives survey was conducted between August and September 2013 based on the results of an email questionnaire sent to community-based hospitals and health systems with up to 500 acute beds. Responses were received from 135 community hospital executives representing 123 community-based hospitals. The survey was released to the community hospitals executives who attended the 2013 Community Hospital 100 Conference in Greensboro, Georgia.

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 technology and services to hospitals, physician practice groups and other healthcare providers. Anthelio is the only healthcare services company that has "end-to-end" services expertise, including IT, service desk, patient portal, EMR implementations, data warehousing, clinical analytics, clinical transformation, coding, ICD-10, transcription and revenue cycle services. Enabled through a highly integrated technology platform powered by skillful people, Anthelio drives high value for healthcare organizations by solving complex clinical and business problems while enabling delivery of high quality patient care. Anthelio is an icon of innovation, operational prowess and service excellence in healthcare, serving hundreds of health organizations and touching millions of patients across the U.S. Anthelio is headquartered in Dallas, Texas and has over 1,500 technology and clinical professionals. www.antheliohealth.com