

## Anthelio and Community Hospital 100 Survey Finds 49% of Community Hospitals Struggle with Low Operating Margins Amid Rising Costs, Lower Reimbursement

Most important quality initiative: Improving patient satisfaction and performance on core measures

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DALLAS, TX, November 8, 2011 – Anthelio, the leading independent provider of comprehensive health-care information technology (“IT”) services and business process solutions for hospitals and other health-care providers, today announced results of an original survey completed with Community Hospital 100 to measure the financial health of community and rural hospitals.

Community hospitals account for the largest sector of the U.S. healthcare system with 73 percent of the total registered hospitals in the U.S. having 300 beds or less. The survey provides insights into the financial health of community hospitals across the country and how this impacts their ability to implement new quality and performance enhancement initiatives.

The survey found that a majority of community hospitals surveyed reported having low operating margins and face significant challenges due to rising healthcare costs and lower Medicare / Medicaid reimbursement.

- **Operating Margins:** 49 percent of those surveyed reported having operating margins below 2 percent with 38 percent under 1 percent, and 22 percent reporting negative operating margins. Only 23 percent of those surveyed reported operating margins over 4 percent.
- **Rising Healthcare Costs:** 33 percent of community hospitals surveyed reported that operating costs have increased by more than 5 percent during the past three years, and 60 percent report that operating costs have increased more than 3 percent during the past three years.
- **Lower Medicare/Medicaid Reimbursement:** 14 percent of community hospitals surveyed reported Medicare/Medicaid reimbursement reductions of over \$10 million; 33 percent reported reductions of over \$5 million; 67 percent reported reductions under \$5 million; and 50 percent reported reductions of under \$3 million.
- **Days Cash on Hand:** 23 percent have under 60 days cash on hand and 12 percent have under 30 days cash on hand, although 67 percent have over 80 days cash on hand.

Community hospitals surveyed identified the following priorities as they work to put in place technology solutions to improve operations, and improve patient satisfaction and performance.

- **EMR Implementations:** 69 percent of community hospitals have acquired and started their EMR implementations with 39 percent spending over \$8 million on their EMR implementations.
- **ICD-10 Conversion:** Although 95 percent of community hospitals have begun the ICD-9/4010 to ICD-10/5010 conversion process, only 24 percent are currently undergoing remediation.
- **Health Information Exchanges:** Responding community hospitals expressed a surprisingly strong interest in participating in HIEs, with 43% saying that they are participating in an HIE, plus another 28% saying they are not participating, but would like to-- 29% said that they are not interested in HIE participation.

“The results of this survey indicate that community hospitals today face unprecedented operational and financial challenges that are exacerbated by rising costs and lower reimbursement rates,” said Rick Kneipper, Chief Strategy and Innovation Officer of Anthelio. “These challenges threaten to negatively impact patient care and satisfaction, and stifle the innovation we need to make better use of technology and re-engineered business processes to streamline operations, improve top-line and bottom-line 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 the following link  
<http://www.antheliohealth.com/resource-center/article-and-commentaries?page=1>

## Survey Methodology

The community hospital financial health and new initiatives survey was conducted between July and September 2011 based on the results of an email questionnaire survey sent to 1,200 community hospitals with fewer than 300 acute beds. Responses were received from 74 community hospital executives (53 percent of whom were CEOs) representing 60 community hospitals (a 6.2 percent response rate). To ensure a reliable and accurate representation of the financial health and new quality improvement and other initiatives undertaken by community hospitals, complete interviews were weighted to known proportions for bed size and revenues of community hospitals, as well as profiles of the respondents. The survey was released to the community hospitals that attended the Community Hospital 100 Conference at Pinehurst, North Carolina.

## About Community Hospital 100

Our 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.

## 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. For additional information, visit the company's website at <http://www.antheliohealth.com/>.