



IVANS Healthcare Provider Spot Survey:

**Healthcare Provider Opinions on Reform, Technology
and Proposed Medicare Cuts**

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Executive Summary:

A recent survey of healthcare providers by IVANS, Inc. asked professionals to weigh in on issues tied to healthcare reform, particularly the proposed Medicare payment cutbacks and what providers are doing to prepare themselves for these potential changes.

This survey is part of IVANS' continuing efforts to address the needs of healthcare providers nationwide and to encourage a dialogue about the current healthcare environment and tools providers can use to navigate the changing system. The respondents represented a wide range of healthcare organizations across the country, including hospitals, private medical practices, clinics, home healthcare organizations, durable medical equipment suppliers, and nursing homes.

Healthcare providers who responded to this study generally believe they will need to make better use of technology to offset proposed Medicare cuts. An earlier study conducted by IVANS indicated that many healthcare providers are already investing in IT (i.e., wireless networks, business continuity technologies, and connectivity to remote locations are already in place for 44%, 40%, and 35% of those surveyed, respectively), so it not surprising they are looking to technology to effectively address proposed Medicare changes. Given their primary objective of providing quality patient care, healthcare providers appear to view technology as a tool for both enhancing patient care, while also paring down administrative expense. Following is a summary of some key themes that emerged from this survey:

Using Technology to Prepare for the Medicare Cuts:

Healthcare providers most commonly cited the use of technology (30% of those surveyed) as their top method for dealing with Medicare payment cutbacks. Providers look to technology to reduce administrative expenses, while freeing up cash that can be re-invested into patient care. A recent report by Thomson Reuters highlights the opportunity to reduce healthcare expense, noting that the US healthcare system wastes approximately \$700 billion annually due to administrative inefficiency and redundant paperwork that causes as much as 18 percent of this waste. Providers are a bit torn, however, between continuing to take proactive steps now to prepare for these cuts and waiting to see what happens with reform initiatives.

- “Additional purchases will be reviewed to include EMR, e-prescribing, etc. to free up more time to spend on patient care and cut costs in the long run.”
- “We are a Skilled Nursing Facility – our preparation is in improving capture of items that impact Med A rate, looking at other areas that can offset the cuts.”
- “We are a hospital and therefore we are pretty much in a wait and see mode.”

Maintaining Patient Care:

Many healthcare providers did express concern that patient treatment could become unaffordable as a result of proposed Medicare cutbacks, or that they may need to scale back on staff while increasing the quantity of patients to keep their practices open. As more seniors, the fastest-growing market in individual health insurance, enter into Medicare, these concerns would likely become more acute - unless healthcare providers take proactive steps to prepare.

- “We have raised our rates for our private paying residents to help overcome the Medicare cuts, but there are only so many private paying residents in our area.”
- “Our staff will experience cuts through lower wages, benefits, equipment, supplies etc.”
- “It will be hard to give best of care when staff will probably be cut back.”



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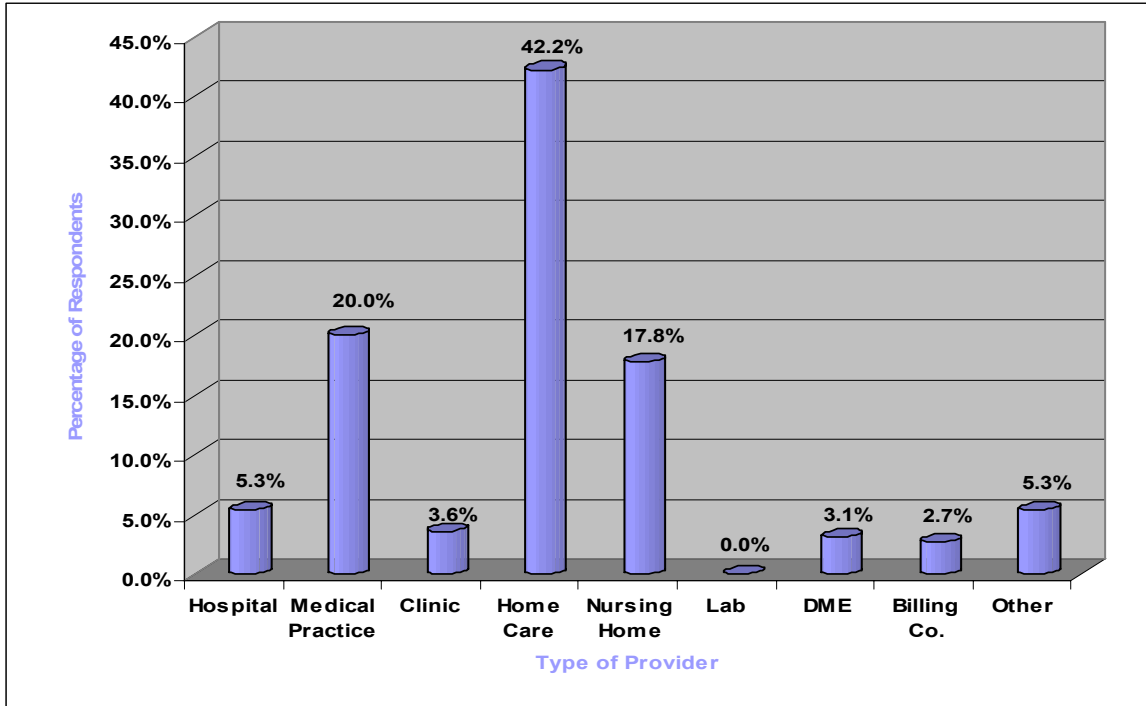
- “Because many major insurance companies follow Medicare payments, it will increase the quantity of patients that our physical therapists will have to see to keep our practice open.”

Conclusion:

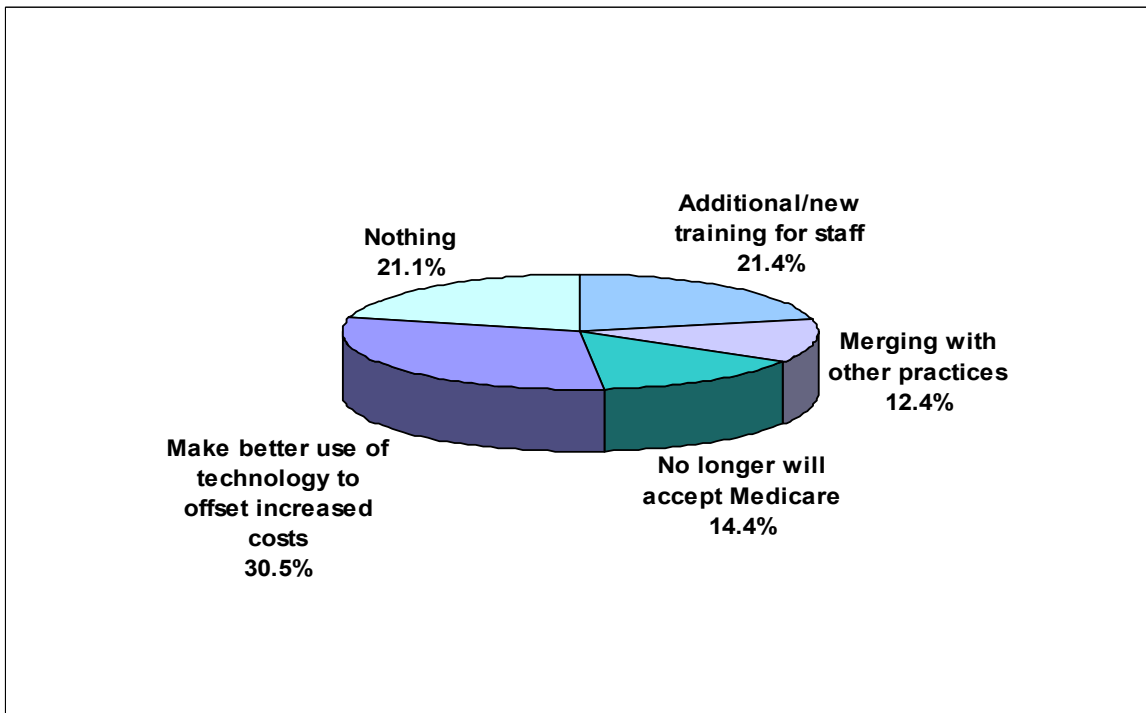
As healthcare providers grapple with these issues, IVANS believes there are short-term tactics that providers can implement today to prepare their businesses for the future. For example, many facilities still operate with dial-up systems. By switching to a secure, high-speed network, providers can experience immediate benefits from faster claims processing. Additionally, implementing online applications, such as patient insurance eligibility verification, enables providers to minimize the risk of providing uncompensated care while freeing up staff who may currently perform time-consuming verification on the phone. Over time, these and other types of technology solutions will better position healthcare providers to take advantage of the clinical and administrative benefits of other technologies, such as e-prescribing, electronic health records, and health information exchange.

IVANS will release a recommended technology roadmap later in the Fall 2009 to help healthcare providers prepare for upcoming changes in the healthcare industry.

Majority of Respondents are Home Healthcare, Medical Practices and Nursing Homes



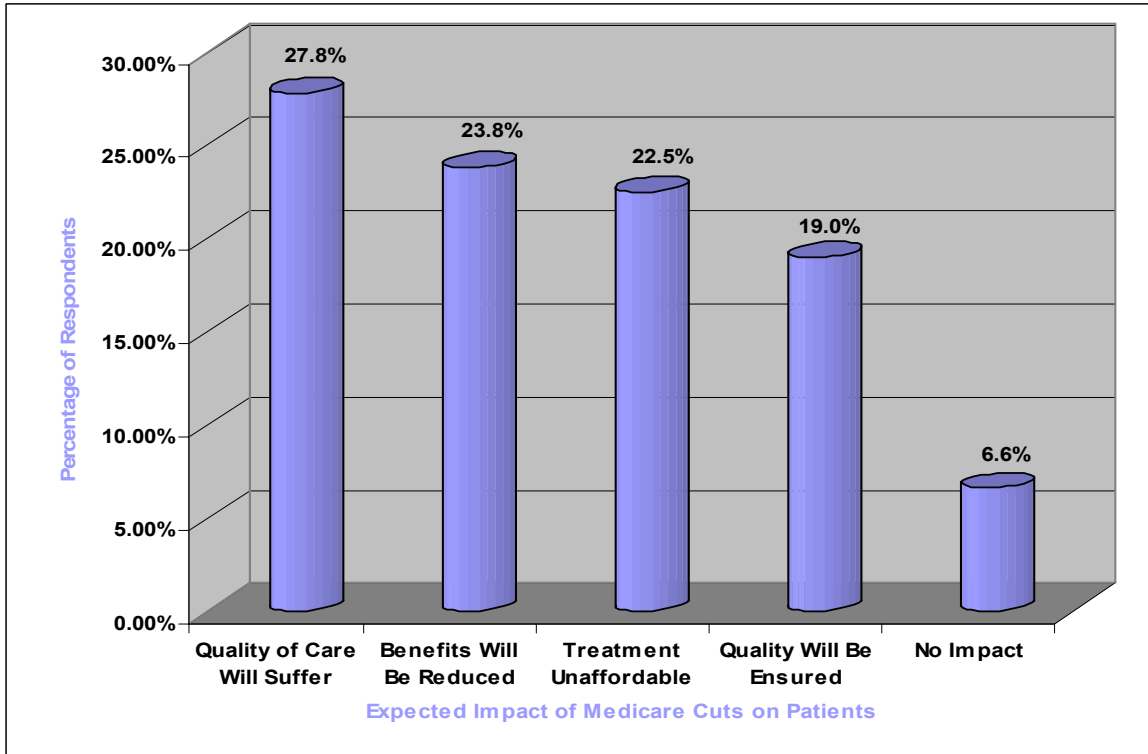
Most Healthcare Providers Are Preparing to Offset Medicare Cuts Through Better Use of Technology





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Providers Are Concerned Medicare Cuts will Either Reduce the Quality of Care, Reduce the Benefits Provided or Make Treatment Unaffordable for Their Patients



Providers Are Worried Medicare Cuts Will Negatively Impact Their Business

