



## FOR IMMEDIATE RELEASE

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### **Fifth Annual Survey of Hospital Executives Reveals**

#### **Bleak Outlook on Health Reform, Eroding Relations with Blue Cross Plans**

*Hospital executives foresee diminished negotiation leverage, payment rates in reform implementation*

**Santa Barbara, Calif.** – Revive, a national public relations firm specializing in health services, today released the results of its fifth annual National Payor Survey of hospital executives, sponsored by The Godbey Group. The only one of its kind in the country, the survey targeted hospital leaders who negotiate managed care contracts with national health insurance companies: CEOs, CFOs, and payor relations executives. Respondents represent 28 percent of hospitals in the U.S., up from 24 percent of hospitals in last year's survey.

Following implementation of the initial health reform provisions, this year's survey results showed hospitals are considerably more skeptical about the proposed benefits of health reform for the hospital industry. Seventy-two percent (72%) of survey respondents said they feel health care reform will decrease their private payor rates, and 79 percent said the reduction in care for the uninsured will not make up for lower rates. What's more, 47 percent of survey respondents said they believe health reform legislation will create more negotiating leverage for private payors over the next two to three years, a 12 percent increase from last year's survey.

"There is little confidence among hospital executives that any relief will come from payor negotiations or long-term partnerships," said Michael Biggs, senior managing director at FTI Consulting. "While most providers have lowered their operating expenses to new all-time lows, in many situations these actions are simply not enough. Profitability at Medicare reimbursement rates is proving difficult to achieve."

Additionally, the survey results showed that 74 percent of hospital executives have a cynical view of the effect medical home and accountable care organization models will have on their bottom line. Of those 74 percent, two-thirds of participants said these new care models would cause hospital margins to slide.

"No one can really define these new models of care or what they will mean for hospitals and doctors. This unknown is creating a lot of skepticism in the provider community. Hospitals believe that these new delivery models will do more harm than good and this survey supports that claim. Unfortunately, changes are coming and it will be up to hospitals to take action now

to position themselves to be successful – as payors become more aggressive in the wake of reform,” said Neil Godbey, president of The Godbey Group.

Survey respondents were asked to rate seven of the largest insurance companies on more than a dozen factors, from image and reputation to contract negotiation tactics and claims processing issues. Survey responses were kept confidential to protect hospitals from retaliation by payors.

Overall, payors garnered more negative opinions and ratings in all categories compared to last year’s survey results. In particular, independent Blue Cross plans saw a 10 percent rise in negative opinions since last year’s survey and Aetna saw an 8 percent increase. These results are consistent with the increasing number of public contract battles between these payors and hospitals.

“Remarkably, independent Blue Cross plans slipped from the second best rated plan overall to near the bottom of the ratings in a year’s time,” said Brandon Edwards, president and founder of Revive. “Nationally, we’ve seen independent Blue Cross plans pushing much harder on rates and negotiations. It’s not a phenomenon limited to independent Blue Cross plans, however; Aetna, who pushed hard on reimbursement rates in provider contracts last year and announced it intended to take a harder line in negotiations, saw significant increases in negative ratings from survey respondents.”

“Private payors are becoming increasingly aggressive in their negotiations,” said Nathan Kaufman, managing director at Kaufman Strategic Advisors. “Due to health care reform and the current economy, payors recognize that the days of double-digit premium increases are over. They have changed their strategies, building ‘rainy day’ funds given the uncertainty and keeping payments to providers artificially low to maintain profit levels and meet shareholder expectations.”

The complete survey results will be available in March 2011 at [www.revivepr.com/2011payor.html](http://www.revivepr.com/2011payor.html), or by contacting [be@revivepr.com](mailto:be@revivepr.com).

### **Methodology**

Survey implemented by the nationally recognized research firm Fabrizio, McLaughlin & Associates, an international survey research firm based in Alexandria, Va. Interviews were conducted with respondents on telephones and on the web via a survey host portal. Respondents were screened to ensure they were responsible for negotiating contracts with major health plans. Potential respondents were contacted via email, U.S. postal mail, fax, and/or telephone and were asked to complete the survey anonymously. Respondents represent all 50 states. Data was collected from December 6, 2010, through January 20, 2011. Final survey results included 258 interview respondents representing 28 percent of all hospitals in the U.S.

### **About Revive**

Revive is a national public relations firm specializing in crisis communications, mergers and acquisitions, payor contracting disputes, union issues, and reputation management issues of all stripes. Named “New Agency of the Year” in 2010, Revive is among the 20 largest health care PR firms in the country. Revive's clients include major hospitals and health care systems, academic medical centers, physician organizations, health care industry associations, health care I.T., and

health & wellness companies. With 15 professionals on staff, Revive has offices in Santa Barbara, Calif., and Nashville, Tenn. To learn more, visit [www.revivepr.com](http://www.revivepr.com).

**About The Godbey Group**

The Godbey Group is the leader in managed care contracting and reimbursement strategy with more than 300 clients in 38 states. The firm's unique combination of senior negotiators, industry knowledge and proprietary data enhances the clients' ability to successfully negotiate contracts. The Godbey Group works with single hospitals, entire systems and managed care teams to optimize managed care contracting and reimbursement strategies. The Godbey Group helps you create a healthier bottom line and all that comes with it, including the ability to provide a higher quality of health care. Learn more by visiting [www.TheGodbeyGroup.com](http://www.TheGodbeyGroup.com) – you'll be glad you did.

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