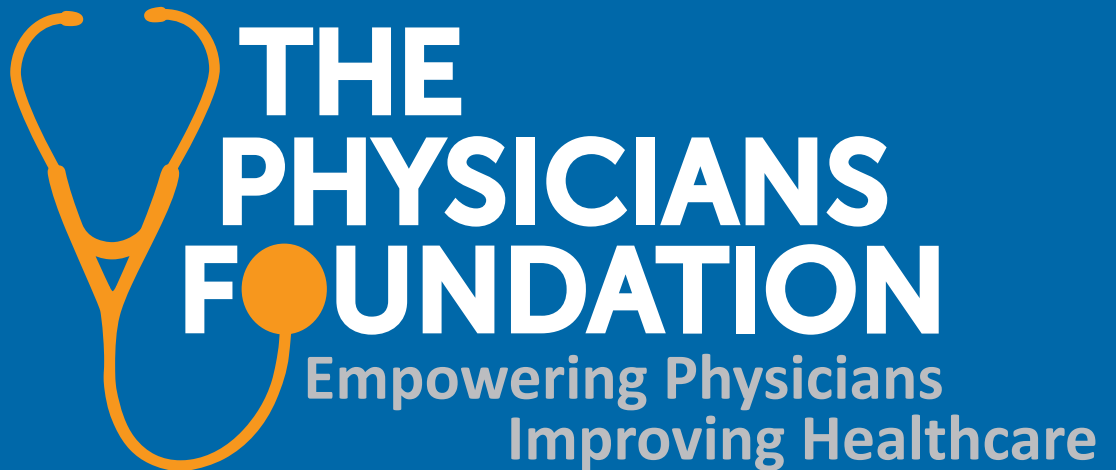


2010/2011 Annual Report





About The Physicians Foundation

The Physicians Foundation is a nonprofit 501(c)(3) organization that seeks to advance the work of practicing physicians and help facilitate the delivery of healthcare to patients. As the U.S. healthcare system continues to evolve, The Physicians Foundation is steadfast in its determination to strengthen the physician-patient relationship and assist physicians in sustaining their medical practices in a difficult practice environment.

The Foundation participates in the national healthcare discussion by providing the perspective of practicing physicians on the many issues facing them today. This includes identifying how the Patient Protection and Affordable Care Act and other aspects of health system reform impact physicians, and what should be re-assessed or changed in order to achieve the following goals:

- Provide physicians with the leadership skills necessary to drive healthcare excellence
- Offer physicians resources to succeed in today's challenging healthcare environment
- Understand evolving practice trends to help physicians continue to deliver quality care to patients
- Meet the current and future needs of all patients by assessing the supply of physicians

The Physicians Foundation pursues its mission through a variety of activities including grantmaking, research, white papers and policy studies. The Foundation provides grants to nonprofit organizations, universities, healthcare systems and medical society foundations that support its objectives and, since 2005, has awarded numerous multi-year grants totaling more than \$28 million.

The Physicians Foundation also examines critical issues affecting the current and future healthcare system by periodically surveying physicians and patients, and studying the impact on them of government healthcare policies. The Foundation believes that as America evaluates significant changes in healthcare, the perspectives of practicing physicians and patients must be well-understood and addressed.

For more information, please visit www.PhysiciansFoundation.org.

Letter from the President and Chief Executive Officer



As every medical association knows only too well today, physicians feel a deep sense of frustration, stress and anxiety as they struggle to keep their practices afloat. Navigating an increasingly hostile practice environment is causing widespread dissatisfaction and diminishing morale. In the wake of government regulatory measures, burgeoning administrative “red tape,” the constant threat of a liability action and declining reimbursements, many physicians are encountering serious problems in sustaining their medical practices. The uncertainties presented by the Patient Protection and Affordable Care Act (PPACA) passed by Congress on March 23, 2010, have only served to exacerbate such tensions.

The Physicians Foundation (PF) is steadfast in its determination to foster the physician-patient relationship and assist physicians in sustaining their medical practices, especially during these turbulent times. To this end, the PF focuses on the following core areas: health system reform, physician leadership, practice trends and workforce needs, through grants, various pilot projects and white papers.

The U.S. Supreme Court recently ruled on the constitutionality of the PPACA. The Foundation is working to produce a white paper on the implications of the Supreme Court ruling for physicians and patients. That white paper will be available in late August on our website.

Another exciting project involves the third biennial comprehensive physician survey, first introduced in 2008. Results will be presented to the Foundation Board in August 2012 and will appear on our website shortly thereafter.

In addition to a keen interest in health policy issues that impact physicians, the Foundation has been very active on the grant front. The PF has given grants of over \$28 million since 2005.

Expert opinion is almost universal that there is a present shortage of physicians, especially those in primary care and who practice in rural areas. This is a workforce issue that must be addressed now, but it appears to be lost in the continuing debate. The PF recognizes the shortage problem and recently awarded a large grant to the Cecil G. Sheps Center for Health Services Research at the University of North Carolina at Chapel Hill to develop a dynamic web-based projection model that can be continually updated to track physician workforce needs across the country.

According to the PF’s surveys of physicians conducted by Merritt Hawkins in 2008 and 2010, fewer physicians are seeing or taking on new Medicare patients. With 10,000 new baby-boomers becoming eligible for Medicare every single day, the survey results do not bode well for future access to care for Medicare patients, particularly with the inability of Congress to address and fix the growing problem of the antiquated and unfair Sustainable Growth Rate (SGR) used to pay physicians.

Another recent and interesting grant was extended to Health Leads of Boston, Massachusetts. It is well-known that social determinants like racial disparities and poverty negatively influence healthcare outcomes and costs. Not only have these important issues been excluded from the health reform debate, they are largely ignored by everyone. The Health Leads grant aligned perfectly with a key purpose of the PF, which is to promote high quality medical care, including, without limitations, assisting physicians to enhance the delivery of medical care to disadvantaged members of the public.

In 2011, The Physicians Foundation established the Medical Practice Committee to survey, research and analyze physician practice trends. The Foundation will focus on this priority in 2012.

Collectively, the two of us have proudly represented physicians for more than 80 years. As noted earlier, these are perilous (yet opportune) times for physicians. More than ever before, physicians must be vigilant and active participants in their medical societies. They cannot afford to sit back and “hope that something will turn up,” like the fictional Dickens character – Wilkens Micawber. That complacency never worked for Mr. Micawber and it won’t work for physicians either!

The Physicians Foundation is committed to being active participants in helping physicians (and their patients) cope with the increasingly difficult health care terrain.

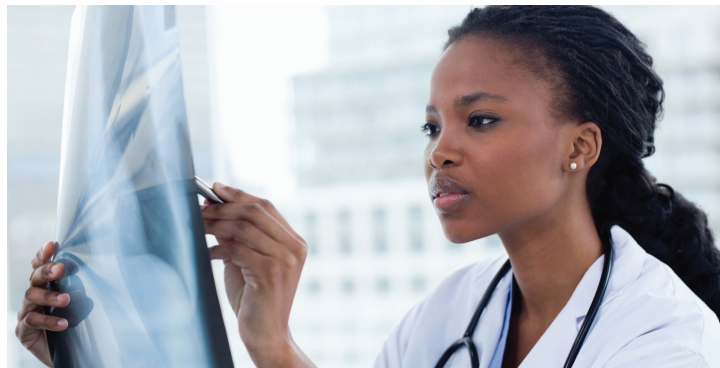
We welcome you to visit our website and view our grants, surveys and white papers and other aspects of the PF at www.physiciansfoundation.org.

Louis J. Goodman is President of The Physicians Foundation and EVP of the Texas Medical Association

Timothy B. Norbeck is the CEO of The Physicians Foundation and former EVP of the Connecticut State Medical Society



Core Focus Areas



Healthcare Reform

In 2010, The Physicians Foundation conducted a national survey to gauge physicians' reactions to the passage of health reform and to determine how they planned to respond to the provisions of reform. The survey found strong negative feelings towards the new health care reform law and fear that patient care will suffer in the months and years ahead. The research reinforces previous Foundation work in 2008 that found growing dissatisfaction among physicians as they struggle with less time for patient care and increased time dealing with non-clinical paperwork, problematic reimbursement and burdensome government regulations. The full survey report, *Health Reform and the Decline of Physician Private Practice*, is available at www.physiciansfoundation.org.

In 2011, The Physicians Foundation commissioned a report designed to serve as a 'roadmap' for private practice physicians – examining the provisions of the Patient Protection and Affordable Care Act and how these legislative changes around health policy will directly impact physicians' practice of medicine. The report provides physicians with an in-depth perspective on the issues that are influencing current reform efforts as well as the major legislative changes involved.



Physician Leadership

The Physicians Foundation believes in the importance of training physicians to become leaders in the field so they can actively participate in national discussions affecting practicing physicians and their patients. The Foundation hosts the annual Physicians Foundation Leadership Academy at the Kellogg School of Management of Northwestern University. The Academy provides a three-day intensive certificate program for physicians currently in leadership roles within their state medical society organizations. In 2010 and 2011, a total of 70 physician leaders and medical society executives participated in the Academy. The Foundation continues to evaluate the Academy's benefits as physician leaders return to their home states and practice the techniques and strategies acquired.

In 2010, the Foundation awarded 18 grants totaling \$1,248,683 to support new methods in providing ongoing professional development of physicians as leaders in the healthcare arena. A second round of Physician Leadership grants is in the pipeline for 2012.

Physician Practice Trends

A core pillar of the Foundation's activities is to identify and explore macro physician practice trends, forecast the changes and deliver analyses to help guide physicians toward a sustainable future for themselves and the healthcare industry as a whole. In 2011, the Medical Practice Committee of the board was established to survey, research and analyze these trends.



Physician Workforce Shortage

Studies from a variety of national organizations indicate that the United States is facing a dire shortage of physicians in the future. However, these surveys provide figures that differ greatly from one another due to each study's varying scope and definition of practicing physicians. Given this barrier to accurate assessment, the Foundation recognizes that policy makers and health providers require a deeper understanding of the precise nature of physician shortages and where they are most acute in order to identify viable solutions. The Foundation acknowledged the necessity for a more comprehensive collection of practicing physician statistics as an initial step to developing practical solutions on the local, state and national levels.

In 2011, the Foundation awarded nearly \$750,000 in grant aid to the Cecil G. Sheps Center for Health Services Research at the University of North Carolina at Chapel Hill. The funds are being used to develop a dynamic, web-based projection model that can be continually updated with new data to track ongoing physician workforce needs across the country.

Health Information Technology

Since its inception, The Physicians Foundation has acknowledged the importance of Health Information Technology (HIT) as a vital tool in the delivery of healthcare and improvement of health outcomes. Through the HIT Toolkit grants, the Foundation supports physicians in their implementation of certified electronic healthcare record systems through the creation of tools and resources. In 2010, the Foundation awarded 16 HIT Toolkit grants totaling \$2,083,632.



Grants



2010 HIT Toolkit Grants

California Academy of Family Physicians Foundation HIT in Practice: Toolkit	<i>San Francisco, CA</i> <i>\$145,237</i>
Colorado Medical Society Foundation Optimizing Healthcare Through Technology	<i>Denver, CO</i> <i>\$150,000</i>
Connecticut State Medical Society Physicians’ Health and Education Fund Helping Physicians Receive NCQA Recognition as Patient Centered Medical Homes	<i>New Haven, CT</i> <i>\$100,000</i>
Critical Access Hospital Network (CAHN) Chronic Care Management and Resources Project	<i>Newport, WA</i> <i>\$76,308</i>
HealthLINC, Inc. Improving Quality and the Continuum of Care	<i>Bloomington, IN</i> <i>\$150,000</i>
Kansas Medical Foundation Kansas Medical Society/Kansas Medical Foundation Health Information Technology Program	<i>Topeka, KS</i> <i>\$52,095</i>
Kentucky Foundation for Medical Care, Inc. EMR Adoption and Use Toolkit	<i>Louisville, KY</i> <i>\$143,492</i>
Louisiana Academy Family Physicians Foundation E-Louisiana HIT Toolkit	<i>Baton Rouge, LA</i> <i>\$141,500</i>
Maine Primary Care Association Achieving Meaningful Use Among Maine Safety Net Practices	<i>Augusta, ME</i> <i>\$150,000</i>
Medical Educational and Scientific Foundation of New York How to Adopt Technology in Your Practice	<i>Westbury, NY</i> <i>\$150,000</i>
Medical Society of Virginia Foundation Assisting Virginia Physicians with the Successful Adoption of HIT	<i>Richmond, VA</i> <i>\$150,000</i>
Minnesota Medical Association Foundation Specialty Care HIT Supplement Toolkit	<i>Minneapolis, MN</i> <i>\$150,000</i>
Physicians’ Institute for Excellence in Medicine A Performance Improvement Approach to Achieving Meaningful Use	<i>Atlanta, GA</i> <i>\$150,000</i>

Texas Medical Association Special Funds Foundation
Meaningful Use Achievement Toolkit

Washington State Medical Education and Research Foundation
Electronic Health Records for Patient Centered Medical Homes

2010 Physician Leadership Grants

Alabama Primary Health Care Association
CLIMB Alabama

American College of Cardiology Foundation
Professional Development Program for Women in Cardiology

Beth Israel Deaconess Medical Center
Building the Skills of Front-Line Physician Leaders in Hospital Settings

California Academy of Family Physicians Foundation
Family Medicine Faculty Leadership Institute

Case Western Reserve University
Mental Health Physician Administrative Leadership Program (MH-PAL)

Fletcher Allen Health Care
Fletcher Allen’s Center for Health Care Management Advanced Program

Florida Medical Foundation
FMA Physician Leadership Academy

George Washington University
Department of Emergency Medicine Health Policy Fellowship

Institute for Medical Quality
Stepping up to Leadership - Platinum Level Training Program for Medical Staff Leaders

Jefferson Physicians’ Foundation
Project Leadership

Medical Society of Virginia Foundation
Institute Alumni Program - National Health Reform Focus

North Carolina Medical Society Foundation
Enhancing North Carolina Medical Society’s Leadership College

Partners Healthcare
Partners Graduate Medical Education Intensive Health Policy Center of Expertise for Trainees

Austin, TX
\$150,000

Seattle, WA
\$75,000

Montgomery, AL
\$74,847

Washington, DC
\$40,500

Boston, MA
\$70,000

San Francisco, CA
\$75,000

Cleveland, OH
\$74,806

Burlington, VT
\$75,000

Tallahassee, FL
\$72,000

Washington, DC
\$75,000

San Francisco, CA
\$75,000

Metairie, LA
\$61,900

Richmond, VA
\$75,000

Raleigh, NC
\$75,000

Boston, MA
\$67,630

Tennessee Medical Education Fund, Inc.
Medical Society Leadership Summit

Texas Medical Association Special Funds Foundation
TMA Leadership College

The Daniel Hanley Center for Health Leadership
Developing a Physician Leadership Program in Maine

University of Cincinnati Foundation
Physician Leadership Program

Washington State Medical Education and Research Foundation
Physician Leadership Access

2010 General Initiative Grants

Foundation of the American Association of Medical Society Executives
2010 AAMSE Futures Summit

Health Leads
Mobilizing Our Nation’s College Students to Create a Health Care Leadership Pipeline

Ideal Medical Practices
Transforming Primary Care Office Practices

New York Chapter of the American College of Physicians
Mindful Communication: Curriculum Guide

The Patient Care Foundation of Los Angeles
Medical Necessity: A Study on the Correlation of Insurer Denials and Medical Malpractice Lawsuits

2011 General Initiative Grants

Institute for Medical Quality
Stepping Up to Leadership - Platinum Level Training Program for Medical Staff Leaders

The University of North Carolina at Chapel Hill
Modeling Physician Supply and Demand in a Rapidly Changing Healthcare System

Vermont Medical Society Education and Research Foundation
The Vermont Practitioners Resource Center

Wisconsin Medical Society Foundation
The Center for Medical Practice Research and Education

Nashville, TN
\$37,000

Austin, TX
\$75,000

Portland, ME
\$75,000

Cincinnati, OH
\$75,000

Seattle, WA
\$75,000

Milwaukee, WI
\$20,000

Boston, MA
\$1,000,000

Seattle, WA
\$45,000

Albany, NY
\$19,625

Los Angeles, CA
\$100,000

San Francisco, CA
\$75,000

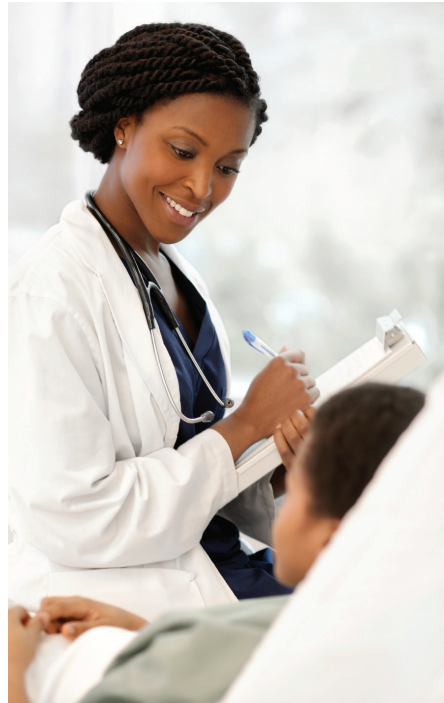
Chapel Hill, NC
\$749,726

Montpelier, VT
\$130,000

Madison, WI
\$200,000



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