



THE PHYSICIANS FOUNDATION

Empowering Physicians
Improving Healthcare

2016 ANNUAL REPORT

ABOUT US



The Physicians Foundation is a nonprofit 501(c)(3) organization founded in 2003 that seeks to empower physicians to lead in the delivery of high-quality, cost-efficient healthcare.

As the U.S. healthcare system continues to evolve, the Physicians Foundation is steadfast in its determination to strengthen the physician-patient relationship, support physicians in sustaining their medical practices and help practicing physicians navigate the changing healthcare system.



A LETTER FROM OUR PRESIDENT AND CHIEF EXECUTIVE OFFICER

Much of 2016 was characterized by uncertainty for many Americans, as we prepared for a transition of power that would bring new priorities and perspectives to the leadership of our government. As the run-up to and results of the presidential election made headlines, we at the Physicians Foundation remained focused on our mission – to lead in the delivery of high-quality, cost-efficient healthcare and to ensure physician voices are heard and their perspectives considered.

In our fifth biennial survey, we heard from more than 17,000 U.S. physicians regarding the challenges they currently face. Their core issues include a struggle to

maintain morale, adapt to changing delivery and payment models, and provide patients with access to care. Factors like these leave many physicians feeling stretched and unable to effectively carry out their duties.

Keeping up with new regulations and reform updates are also contributing to the burden physicians face. The culmination of these issues contribute directly to physician burnout, a concern that has captured much-needed attention from the media. In 2016, the Foundation worked to raise awareness of this issue by sponsoring and participating in forums such as the Joy in Medicine Conference and the International Conference on Physician Health.

The Foundation also took a deeper look at the challenges that occur outside of the doctor’s office. We funded research to better understand and address the linkages between social determinants and healthcare spending. The book, “Poverty and the Myths of Health Care Reform,” published by Johns Hopkins University Press, documents the pervasive, debilitating effects of poverty in driving higher healthcare costs, uneven resource utilization and reduced quality of patient outcomes.

Our grants program has continued to foster numerous initiatives. In 2016, we invested more than \$3 million to support the vital area of physician leadership. We also continued our ongoing support for Health Leads, the University of North Carolina at Chapel Hill FutureDocs Forecasting Tool, the Brandeis Physician Leadership Conference and a host of other organizations highlighted on the Grantee Perspective page of the Foundation’s website.

We understand there is still much work to be done to equip practicing physicians with the tools, resources and insights necessary to navigate today’s changing landscape – as well as to serve as key influencers in the evolution of our

healthcare system. The Physicians Foundation will continue to provide a voice for practicing physicians by focusing on strengthening the physician-patient relationship, speaking out against unnecessary burdens that interfere with clinical care and improving the way quality healthcare is delivered to America’s patients.

We encourage you to visit our website, Twitter and LinkedIn pages for the latest news and resources. We have many exciting endeavors on the horizon!

Thank you for your ongoing support and commitment.

SINCERELY,

Walker Ray, MD *President*

Tim Norbeck *Chief Executive Officer*



STRATEGIC GOALS



Our strategic plan addresses both the current healthcare environment as well as how the Foundation can best support practicing physicians within its organizational principles.

The strategic plan provides the framework for the Foundation to pursue a multi-year approach to achieve its core mission.

Four strategic goals that guide our work are:

- 1 Fully harness the Foundation's potential for furthering physician leadership and physician-led innovation throughout the country
- 2 Embrace a focused, intentional approach to funding research projects and studies that are timely, actionable and have measurable outcomes
- 3 Significantly increase the visibility of the Foundation and its ability to influence national healthcare policy
- 4 Build greater organizational capacity for mission success

1

FULLY HARNESS THE FOUNDATION'S POTENTIAL FOR FURTHERING PHYSICIAN LEADERSHIP AND PHYSICIAN-LED INNOVATION THROUGHOUT THE COUNTRY



The impact of social determinants on the healthcare system is undeniable. For the past 20 years, Health Leads, a social enterprise that envisions a healthcare system that addresses all patients' basic resource needs as a standard part of quality care, has been laser-focused on designing and implementing social needs programs in clinical settings. In 2016, the Foundation's grant to Health Leads was used to continue its physician-led research efforts, including the publication of research at Massachusetts General Hospital. Over the course of the year, Health Leads also developed its Roadmap tool used to guide hospitals and clinics in launching, expanding and scaling programs to address patient social needs. Health Leads was also able to develop a free patient screening toolkit that was released in July and has been accessed at more than 1,500 unique healthcare organizations across 50 states.

As the discussion around physician distribution and shortages continues, resources like the University of North Carolina at Chapel Hill's FutureDocs Forecasting Tool are more important than ever. In 2016, the Physicians Foundation supported the further evolution of this unique tool. FutureDocs is a critical resource for health systems, hospitals, physician offices,

specialty societies and policymakers to find up-to-date, evidence-based forecasts about which types of health services will face shortages in particular geographies. Armed with this information, stakeholders use the model to determine which service lines should be expanded and what types of physicians to recruit to meet forecasted shortages.

In partnership with Brandeis University, the Foundation facilitated a conference aimed at building a physician leadership curriculum that empowers physicians to navigate today's complex and ever-changing healthcare system. The conference brought together academics, practicing physicians and representatives from state and county medical societies. The event focused on advancing the work of physician leaders in the most comprehensive, pragmatic and efficient manner possible. Based on the best practices learned at the event, the Foundation continues to provide physician leadership grants to organizations across the country – reinforcing our commitment to advancing physicians' ability to influence change in their own organizations, and beyond.

2

EMBRACE A FOCUSED, INTENTIONAL APPROACH TO
FUNDING RESEARCH PROJECTS AND STUDIES THAT ARE TIMELY,
ACTIONABLE AND HAVE MEASURABLE OUTCOMES



Physicians are committed to providing their patients with the best possible care. Yet just as physicians are under stress from the challenges of our healthcare system, so are patients. Our 2016 survey of patients revealed that despite the pressures physicians face, nine out of 10 survey participants report they are satisfied with their primary care physician. However, out-of-pocket costs and insurance issues are creating an ever-growing financial burden, threatening consumer access to adequate healthcare.

The biennial Survey of America's Physicians – the fifth since the study's inception – collected data from more than 17,000 physicians across the U.S. who reported increasing pressure on their medical practices from issues such as intensified regulatory burdens, diminished time with patients, the shrinking physician workforce, and difficulties with access and reimbursement. The findings made it clear that the new administration must engage with and listen to physicians to further course-correct a strained healthcare system.

The Physicians Foundation proudly supported the launch of "Poverty and the Myths of Health Care Reform," a thought-provoking and data-rich book which demonstrates the impact of social determinants on healthcare costs. The book, authored by the late Dr. Richard (Buz) Cooper and commissioned by the Physicians Foundation, takes readers on an exploration of healthcare through the lens of poverty, utilizing an array of relevant research. This includes data sets drawn from city, state and federal levels, domestic and global economic assessment and healthcare utilization statistics and reports.

3

SIGNIFICANTLY INCREASE THE VISIBILITY OF THE FOUNDATION AND ITS ABILITY TO INFLUENCE NATIONAL HEALTHCARE POLICY



Representatives from the Foundation are routinely quoted in the media, providing the physician perspective on critical healthcare and medical practice issues – as well as speaking to the specific findings of Foundation surveys and white papers. In addition, Foundation research and reports are cited by policy makers, media, state and county medical societies, and the medical community on a regular basis.

As a testament to the relevance of its work, the Physicians Foundation was cited as a resource in nearly 300 articles and broadcast segments in 2016. These articles include healthcare trade and regional media coverage, as well as articles in general business media such as the Wall Street Journal and USA Today. The Foundation continues to develop timely content for its own Forbes.com contributor channel, publishing 10 articles in 2016 focused on key physician issues such as the impact of insurance mergers, rising healthcare costs and physician burnout.

The Foundation distributes an e-newsletter to share regular updates on the Foundation's initiatives with the Federation of Medicine. It distributed two e-newsletter editions in 2016 featuring information on physician and patient trends as well as insights on its grantmaking program and new grant recipients.

The Foundation also continues to expand its social media presence through ongoing engagement with key healthcare influencers such as physician media contributors, healthcare reporters and medical organizations.



BUILD GREATER ORGANIZATIONAL CAPACITY FOR MISSION SUCCESS



The Foundation is committed to focusing its work on the specific goals outlined in the strategic plan and tracking progress accordingly. This includes regularly updating an established scorecard of the Foundation's key drivers, metrics and programs that ladder up to the organization's overarching goals.

This stewardship also includes updates by key committees and task forces to ensure projects progress in a timely fashion, and tracking results against quantitative and qualitative metrics. The Foundation Board meets regularly at quarterly Board meetings, interspersed with smaller committee and task force meetings throughout the year, to advance all initiatives.

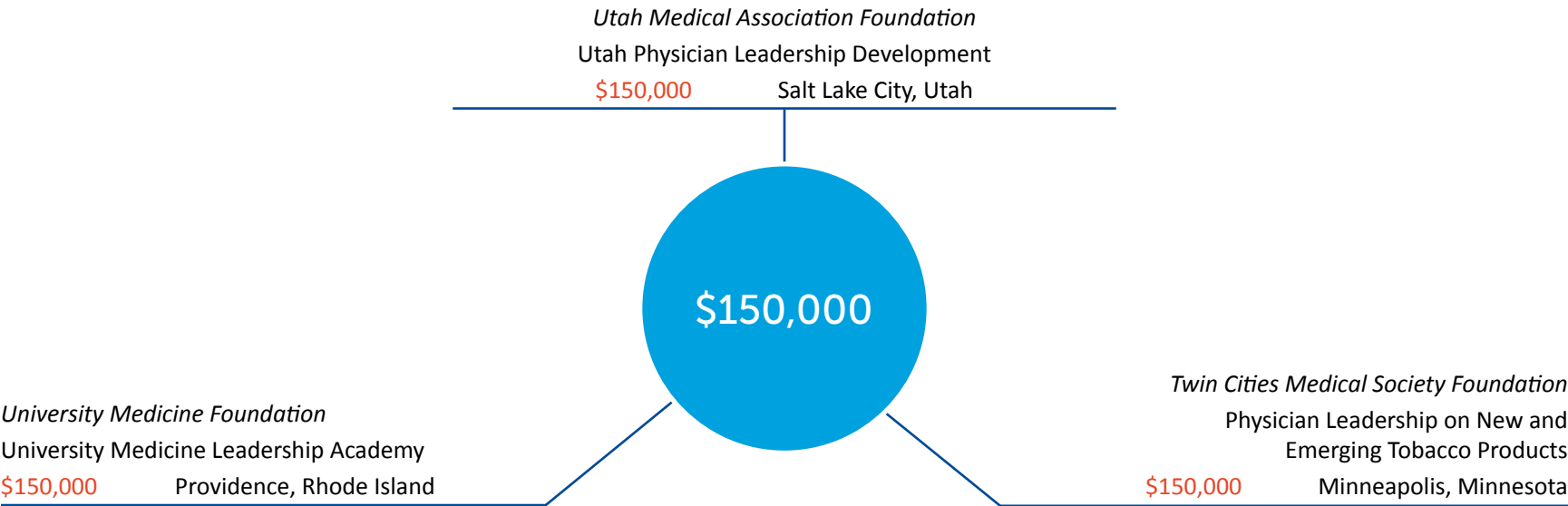
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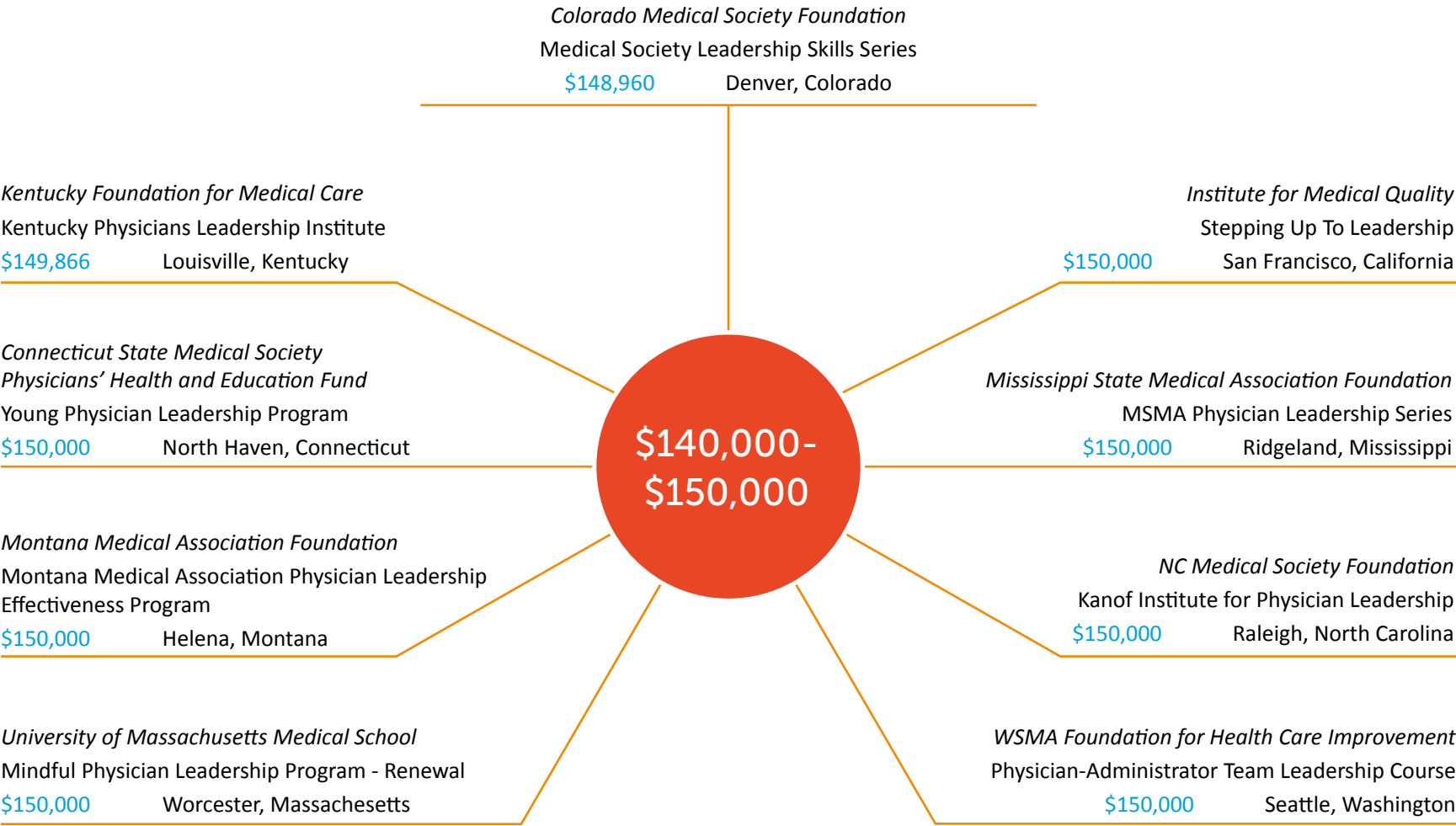
The Physicians Foundation is dedicated to supporting nonprofit organizations, medical society foundations and other groups through healthcare grants that seek to advance the work of practicing physicians and improve the delivery of healthcare in America. The Foundation has awarded more than \$43 million in grants since 2005. More information on the Foundation's grants is available at www.physiciansfoundation.org/healthcare-grants.

Similar to the year prior, many of the grants awarded by the Physicians Foundation in 2016 focused on physician leadership. The Foundation is proud to invest in this vital area to empower practicing physicians to lead and deliver the best possible care to patients.

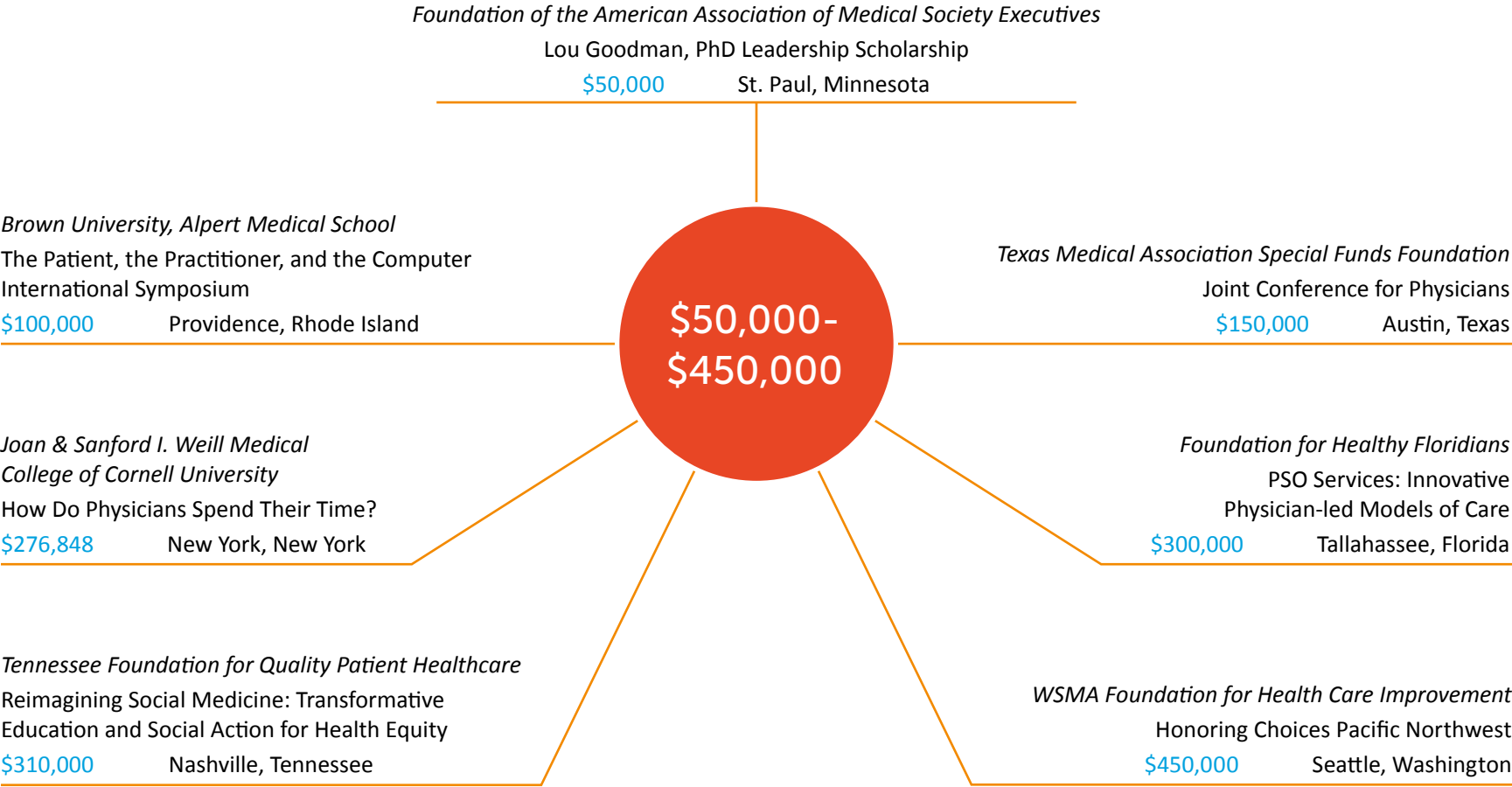
2016 PHYSICIAN LEADERSHIP GRANTS – NEW



PHYSICIAN LEADERSHIP – RENEWED SUPPORT



2016 GENERAL INITIATIVE GRANTS

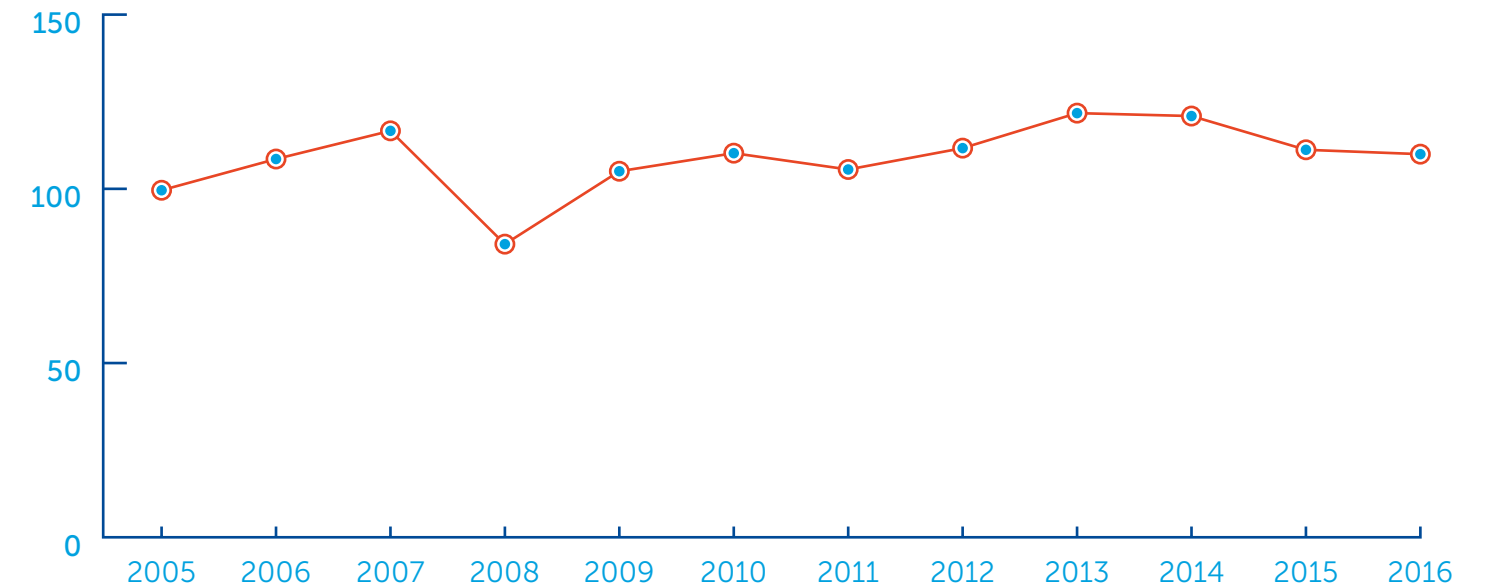


FINANCIALS



In order to accomplish its goals, the Foundation takes care in the financial stewardship of its base endowment. The Finance Committee of the Foundation meets on a bi-monthly basis by phone and / or in-person to ensure the financial solvency and future strength of the organization. For over a decade, the base endowment has remained steady, while annually supporting a robust grantmaking and research program. In 2016, the Foundation's grant and programmatic expenses amounted to 83% of total expenses compared to 17% for administrative expenses.

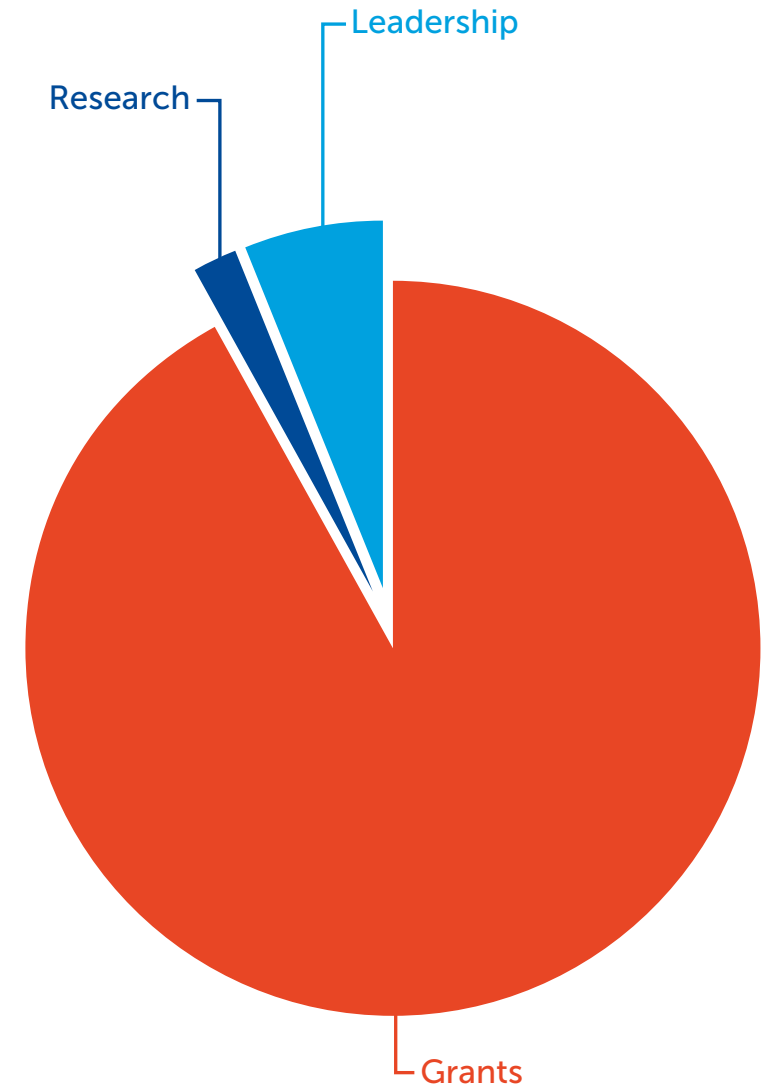
Physicians Foundation Reserves (in millions)



The Foundation supports its mission through funding grants and developing tools and resources that help practicing physicians navigate the changing healthcare landscape.

In 2016, the Foundation invested nearly \$7 million to achieve the following:

- Develop physician leadership skills and tackle vital challenges such as physician shortage
- Conduct surveys of physicians and patients to better understand the current state of the medical profession and the physician-patient relationship
- Cultivate white papers that examine the complex and changing nature of the healthcare system and the related issues impacting physicians and their patients
- Create resources and tools to help physicians address current challenges and prepare for the future



The Physicians Foundation employs a rigorous process when determining which projects and resources it will fund. Specifically, the grantmaking process is conducted with the guidance and support of GMA Foundations, a professional foundation management and grantmaking firm. Currently, the primary focus for grantmaking is Physician Leadership, but the Foundation is always considering new grantmaking areas that fit within its strategic goals.

The Foundation issues a number of RFPs throughout the year and invites 501(c)3 charitable organizations to submit an application, to be reviewed thoroughly by GMA program staff. A grant officer evaluates each proposal and prepares written reviews and recommendations. A review team of at least two Board Members, a physician and a non-physician, from the Foundation’s Grants Committee is selected to review each proposal. Once these reviews are complete, members of the Grants Committee rate each proposal based upon a standard scale. A recommendation is then made by the Grants Committee to the Board on whether or not to fund the proposal. The Board makes the final determination for each grant proposal by vote.



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