

Enjoy the Ride

Survey results show IT gaining new mid-level positions and CIOs moving to new roles

By Betsy S. Hersher and Bonnie R. Siegel

It is difficult to quantify some of the unusual health care IT (HCIT) activity this year by data only. Our view of the marketplace was verified by survey data (Hersher Associates, Ltd. 2006 CIO Survey) and our observations with clients and candidates. There were so many unexpected developments that keeping up with the level of change was difficult. Those “surprises” led us to write this article to share our findings.

Within a 12-month span, the CIO role bounced around in several key areas. Reporting structure started moving into the CFO purview with no seat at the executive table. Mid-year reporting moved up again to the COO/CAO and CEO. The CIO position, even in some of the largest and most complex organizations, reports at the COO level with a seat at the executive table. The internal view of the role went from operational to vital in future care delivery.

We do not view the CIO role as losing power by reporting to the COO position. In most cases, CEO's are busy handling outside issues. Some CEOs are concerned about their own lack of technology management knowledge. This sometimes leads to the conclusion that the CIO should be more operational and less visionary.

We believe some of the fluctuation is due to changes in CMIO roles and reporting. Although not covered in this survey, several of these factors are impacting the CIO. CMIOs are lobbying to report to the CMO and in some cases to the CEO. This can affect the CIO's ability to handle clinical initiatives, forcing the CIO to establish a separate clinical install team, which seems to be working well. The element of concern over CMIOs not being operational has diminished as the VP of Clinical and his/her teams have taken responsibility for development training and implementations. Note that a potential bifurcation and power struggle exists when the CIO and CMIO report separately. In a perfect world, they would report together.

Boards are supportive of these moves because of the huge financial commitments being made on clinical systems. At the same time, new reporting issues could cause a perceived lack of confidence in the CIO. We found a major trend in the

increase of clinical IT hiring – with salaries for the clinical teams rising rapidly due to supply and demand.

Why we did the survey

We conduct a CIO survey every year to take the pulse of the fast-changing HCIT landscape. We randomly select 300 CIOs from all size hospitals and from every region of the country. Our goal is to verify some of the trends we are seeing at our clients and hearing on the phone everyday.

It is somewhat unsettling to find that IS leadership doesn't have easy access to some of this data. The annual survey helps us get a handle on the data and verify our reflections in the trends.

We appreciate the cooperation of responding CIOs. They seem eager to monitor the trends with a national perspective.

Demographics

In November and December 2006, 97 CIOs responded to the survey by e-mail, almost 33 percent of our selected group. Among our pool of respondents, males outnumber females 87 percent to 17 percent. Thirty-six states are represented. Forty-five percent of respondents come from integrated delivery networks (IDNs) with more than 500 beds; 20 percent come from facilities with 200-299s. Seventeen percent of the CIOs come from a clinical background, including laboratory, pharmacy, radiology or nursing.

Fifty percent of the CIO respondents work in a single-hospital system or IDN; 49 percent work in a two or more hospital system; 1 percent work in other types of health care organizations. Twenty percent of the CIOs work in organizations with five or more hospitals. Respondents represent 268 hospitals along with two clinics, a payer, a rehabilitation facility and an association.

Current position

Of the 97 CIOs surveyed, 8 percent have been in their role for under a year; 8 percent have been their roles for 11-14 years; 8 percent for over 25 years; 14 percent for 8-10 years; 23 percent for 5-7 years; and the most, over 39 percent, for 4 years.

Thirty-two percent of the CIOs reported that this was their first CIO position, which

may indicate that a succession plan is working. We did not ask whether they were internal or external hires.

Salaries

The average CIO base salary went up about \$13,000 from our findings in 2005. In 2005, it was \$191,000 and in 2006 it was \$204,000. Salaries for CIOs in the Pacific and Middle Atlantic regions were over \$230,000. The West-South Central averaged the lowest with \$170,000.

Overall, salaries ranged from \$98,000 to over \$550,000. Seventy percent of responding CIOs received bonuses with the most in the 10-20 percent range.

CIOs at one-hospital systems averaged \$160,000, while CIOs at two or more hospital

IDNs averaged over \$200,000. CIOs at IDNs with over 8 hospitals averaged over \$296,000 base salary.

Some markets include profitable organizations that pay outside the norm to attract high-level CIOs. In many organizations, the VP/CIOs are on the same level as their peers; therefore, they end up with large executive compensation packages.

Conversely, some small to mid-size organizations are not having money issues and are able to give CIOs higher salaries and bonuses. In the mid-size organizations, the CIOs tend to have more departments and span of control.

Base salaries keep going up, but the most significant increases appear in the bonus structures. Another reason for higher total compensation: CIOs are developing strong teams beneath them. Bases range from \$120,000 to more than \$250,000. Some of the new, high-range positions are clinical and in great demand. Some of the new roles can be filled with non-healthcare candidates accustomed to higher salaries. Some of these roles are PMO, CTO, and Security and Safety. The higher salaries beneath CIO's and peer salaries tend to raise IS leadership compensation.

Areas of responsibility

In 2005, only 49 percent of the CIOs had telecommunications reporting to them; in 2006, 79 percent of the CIOs had this area reporting to them. In 2005, only 20 percent

oversaw HIM compared to 26 percent in 2006. In 2005, biomedical engineering reported to only 10 percent of CIOs; in 2006, that reporting relationship had grown to 21 percent.

We see biomedical engineering as a vital addition to the CIOs team. As we plan for the future and the healthy aging population, biomedical engineering and IT will support communication from the patient to the doctor as in many other areas.

Devices will be used to monitor and deliver medication. CIOs will need to track futuristic trends. Having biomedical engineering working closely with IT is essential.

Reporting relationships

In 2006, over 38 percent of responding CIOs reported to CEOs, while 31 percent reported to CFOs and 18 percent reported to COOs. Two CIOs said they have dual reporting relationships, which we are seeing more in the marketplace.

We learned from the CIOs in the survey that 44 percent were hired by their current boss and they are still safely employed. Others experienced significant turnover after new management teams arrived; in some cases, the CEO brought along his/her former CIO regardless of the track record of the current CIO. A good rule of thumb when a new CEO takes the reins: If you are not compatible with the new CEO, you may need to polish up your resume.

CMIO reporting

The 2006 survey revealed a large increase in the number of CMIOs reporting to the CMO:

- Of the 43 CIOs who have CMIOs in their health system, 56 percent report to the CIO; in 2005, 61 percent reported to the CIO.
- Sixteen percent of CMIOs report to the CMO compared to 8 percent in 2005.
- Nine percent report dually to the CIO and CMO.
- Five percent report to the COO.

In 2005, 20 percent of the CMIOs reported to the CEO. As indicated earlier, the CMIO reporting structure could end up causing operational havoc due to the CMIO's desire to report separately.

Trends

Given the statistics, you might think that the organization would be a little more aggressive in managing the support needed in new trends area. However, this is not yet the case. We are seeing newly created ambulatory roles and fast growth in supporting clinical initiatives. In addition, quality and process improvement shows steady slow growth with the return of management engineering.

Other trends mentioned by respondent CIOs more than once included the following

- declining reimbursements because of government regulations;
- limited capital funds;
- consumerism and consumer-driven health care;
- growing uninsured population; and
- IT initiatives at the federal, state and regional levels.

Changes in IT organizations

Over half of the CIOs participating in the survey experienced IT organizational changes during 2006. And the organization charts continue to change as 30 percent added new positions. The CIOs are also shuffling people into different jobs. Along with IT projects, other activities have been added to their responsibilities. The work load is overwhelming. In essence, IT touches every department in the organization. This requires a very creative CIO, and the IT team must be as flexible as possible.

Note, too, that changes in the Csuite have been a major contributor to the chaos in the IT organization.

Over 50 percent of our 2005 and 2006 CIO respondents indicated that they did not have a successor in place. We are quite concerned about the lack of attention in this area. When a CIO leaves an organization, often times the successor is not ready to take over. This puts the organization at risk with no candidates in the pipeline

Hiring activity

In the past few years, CIOs have added more positions in the following areas: clinical, quality, project management and security.

Most hiring has taken place in IT security leadership positions with 60 percent of CIOs hiring in that area to date.

In 2006, the most hiring was done in the clinical area. Almost half of the positions hired were for clinical IT leadership positions.

Most of clinical hiring activity has come after 2003 and most positions were hired as managers or equivalent and had salaries under \$100,000.

Lasting impressions

This has been a year of significant changes. But with those changes has come amazing opportunities for growth for the IT team. IT is working closely to match the organizational direction as we find IT being valued in almost every area of the delivery system.

We have noticed a slight decrease in senior-level CIO hires and the statistics bear out the first-time hiring of CIOs.

Also, for the first time in years, we are finding requests from the IT team, especially in clinical areas, for expertise for specific software at all levels.

Change always promotes growth. Lately organizational charts have been changing before the ink has dried on the previous chart. We see these changes continuing for the next 12 months with IT gaining new mid-level positions and CIOs moving to new roles. The object now is to enjoy the ride.

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