

**TITLE:** Hospital Administrator Leadership Practice Before and After the Implementation of Federal Cost Containment Policy

**RESEARCHER:** Jay T. Roundy  
Arizona State University  
Tempe, Arizona  
School of Public Affairs  
Doctoral Dissertation: May 1991

**OBJECTIVE:** To examine the way in which hospital administrators have changed leadership behaviors as a result of a change in the hospital environment.

**METHODOLOGY:** The sample consisted of 84 CEOs from a random sample of 250 CEOs from the roster of the American Hospital Association. The LPI was used to "provide a practical and understandable description of these [transformational] behaviors" (50). CEOs described their leadership practices prior to the Medicare Prospective Payment System (PPS) in 1982 and since the implementation of that system. The typical hospital was a rural (58%), independent community-based hospital (62%), with 153 beds. The typical hospital executive was a 46-year old, well-educated (80% had graduate degrees) male (92%), with 11+ years of experience as a CEO.

**KEY FINDINGS:** The pre-PPS (change) composite leadership score (all 30 items from the LPI) was significantly lower than the post-PPS score, indicating that "executive leaders perceive that their use of transformational leadership behaviors increased after the implementation of Medicare PPS" (130). Three leadership practices--Challenging, Enabling, and Modeling--were also significantly higher following the change.

Number of years in position and educational level were not significantly correlated with any of the leadership practices. Age was negatively correlated with three leadership practices (Inspiring, Modeling, and Encouraging). None of the facility/hospital characteristics (hospital type, type of ownership, medicare certification, or urban/rural) were correlated with the composite leadership score, or with Challenging, Inspiring, Enabling, or Encouraging. Modeling was significantly correlated with medicare certification.

"The study findings support the conclusion that hospital administrators changed their leadership behavior toward a transformational model since the implementation of Medicare PPS ..and.. the change in leadership behavior was not positively correlated with either institutional or personal characteristics" (143). The author suggests that a key area for future leadership development of hospital CEOs is Inspiring a Shared Vision.