everyone is on Facebook." He estimates that 5 million voters were contacted this way—more than Obama's margin of victory. "All of these things are characteristic of the way the next generation of social and mobile apps are going to evolve," says Schmidt.

What first excited marketers about social media was that a friend's endorsement was a more powerful, and therefore valuable, motivator than traditional forms of advertising—seeing someone you know rave about Pepsi on his Facebook wall makes you more likely to try it than a newspaper ad would. What businesses find so tantalizing about the Obama campaign is that it has advanced this phenomenon to its next iteration: Your friend isn't just raving about Pepsi; he's telling you, in language and images likely to resonate with you, that you should be drinking Pepsi, too. "The fundamental building block to targeted sharing is an overlay of the voter file and the social graph," says Goff. "If you apply that same concept—the social graph and consumer data—then almost any company stands to gain something."

Of course, few people would feel moved to take action for Pepsi in the same way they did for Obama. Unless, that is, the civic purpose that impelled Obama's supporters could be synthesized by businesses selling products instead of candidates, possibly through games or rewards programs that give users an incentive to evangelize to their friends. "This offers real opportunities for people to interact with their networks within the context of a brand," says Joe Rospars, Obama's chief digital strategist, whose company, **Blue State Digital**, runs social media campaigns for companies including Ford and the Green Bay Packers.

Those intrigued by the commercial possibilities for what the campaign pioneered include Google's Schmidt, who is considering hiring or funding members of the team. "I've talked about it," he says. "We haven't done anything yet, but we'll see." It could take a while. Having worked nonstop for 18 months, most of Obama's staff is celebrating by going on vacation. —*Joshua Green*

***The bottom line** Obama's groundbreaking operation raised $190 million more online than in 2008 and turned out an estimated 1.25 million more youth voters.*

Health Care

The High Price of Nickel-And-Diming Doctors

- **Slashing physicians' Medicare payments raises the price of care**
- **"This is an unfortunate consequence of bad planning"**

Dr. Thomas Lewandowski, a Wisconsin cardiologist, had a tough choice to make in 2010 after the federal government yet again reduced the payments he received for treating Medicare patients: He could fire half his staff to keep his practice open, or sell it to a local hospital. He sold, becoming one of more than 6,000 employees at **ThedaCare**, which runs five hospitals and numerous clinics in the northeastern part of the state. Lewandowski is among thousands of once-independent doctors who are joining with hospital chains to stay afloat, a trend that threatens to raise the price of health care even as the federal government strains to keep a lid on costs.

Under Medicare's tangled payment system, hospitals get higher reimbursements than individual doctors for cardiology treatment and other specialty services—in some cases a lot higher. The program pays a hospital $400 for an echocardiogram, $180 for a cardiac stress test, and more than $25 for an electrocardiogram, according to data from the American College of Cardiology. At a private physician's office, Medicare pays $150 for an echocardiogram, $60 for a cardiac stress test, and $10 for an electrocardiogram.

Large hospital chains also have more power than individual doctors to negotiate reimbursements from insurers such as **UnitedHealth Group** and **WellPoint**. The result: Instead of controlling costs by keeping payments to doctors down, the federal government may be driving them higher. "Clearly, in the short run, it raises costs," says Paul Ginsburg, president of the Center for Studying Health System Change, a nonprofit research group. "A physician becomes employed by a hospital, and now a payer, like Medicare, has to start paying more."

Since 2007, when the government began repeatedly cutting Medicare payments to doctors, the number of cardiologists working for U.S. hospitals has more than tripled, while the number in private practice has fallen 23 percent, according to the ACC. Jay Alexander, a cardiologist who co-owned a practice in Lake County, Ill., says he sold out to a local hospital after his Medicare revenue dropped 35 percent. Now the government pays Alexander three times as much to perform the same tests and procedures—far more than he would have needed to keep his private practice open. "If this was government's solution to reducing health-care costs, they should have their heads examined," he says. "This is an unfortunate consequence of bad planning."

Changes beginning to take place under the 2010 Affordable Care Act are supposed to help slow this cost creep. The law encourages hospitals to move toward accepting lump-sum payments to treat a condition, rather than charging separate fees for every test and procedure. "It is part of the broader trend where physicians and hospitals are not only getting paid for the number of patients they treat but how they manage the health of their patients," says Simon

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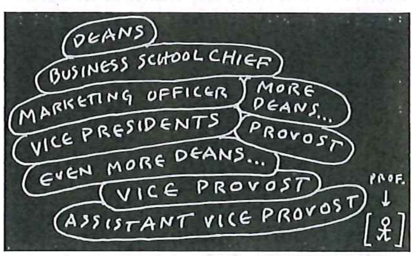
Gisby, managing director of the Life Science and Healthcare practice at Deloitte Corporate Finance. But that shift may take years to complete, with most hospitals still getting paid piecemeal.

For cardiologists, working for a hospital has a good and a bad side. While they gain more stable incomes, they have to follow strict hospital guidelines that limit their ability to personalize treatment. They're also pressured to see more patients each day. "I miss being in private practice and being my own boss," says Alexander, the Illinois cardiologist. "I would have said 30 years ago that I planned on dying with my boots on and practicing until I couldn't practice anymore. Now, do I look forward to retirement? Yes."
—*Shannon Pettypiece*

***The bottom line** Under Medicare's bizarre rules, hospital doctors are paid as much as three times more for patient care than those in private practice.*

Education

The Troubling Dean-to-Professor Ratio



▶ **Bureaucrats crowd out faculty in the contest for dollars**

▶ **"There seems to be an almost unlimited budget for administrators"**

J. Paul Robinson, chairman of the Purdue University faculty senate, walks the halls of a 10-story tower, pointing out a row of offices for administrators. "I have no idea what these people do," says the biomedical engineering professor. Purdue has a $313,000-a-year acting provost and six vice and associate vice provosts, including a $198,000-a-year chief diversity officer. Among its 16 deans and 11 vice presidents are a $253,000 marketing officer and a $433,000 business school chief. The average full professor at the public university in West Lafayette, Ind., makes $125,000.

The number of Purdue administrators has jumped 54 percent in the past decade—almost eight times the growth rate of tenured and tenure-track faculty. "We're here to deliver a high-quality education at as low a price as possible," says Robinson. "Why is it that we can't find any money for more faculty, but there seems to be an almost unlimited budget for administrators?"

Purdue is among the U.S. colleges layering up at the top at a time when budgets are tight, students are amassing record debt, and tuition is skyrocketing. U.S. Department of Education data show that Purdue is typical: At universities nationwide, employment of administrators jumped 60 percent from 1993 to 2009, 10 times the growth rate for tenured faculty. "Administrative bloat is clearly contributing to the overall cost of higher education," says Jay Greene, an education professor at the University of Arkansas. In a 2010 study, Greene found that from 1993 to 2007, spending on administration rose almost twice as fast as funding for research and teaching at 198 leading U.S. universities.

Some state schools are reexamining pay for top managers. "It's much more incumbent on them to justify their costs," says Benjamin Ginsberg, a Johns Hopkins University political science professor who wrote a 2011 book critical of pay for college bureaucrats. The University of Minnesota-Twin Cities eliminated one of its eight vice president positions this month after a faculty-led study found duplication among their responsibilities. The school is trying to cut annual administrative expenses by $1.6 million, says spokesman Chuck Tombarge. Trustees at the University of Connecticut are reviewing administrative salaries at the school's main campus in Storrs, following a controversy over the compensation of the school's former police chief, who received $256,000 annually—more than New York City's police commissioner.

Indiana residents pay $23,000 a year to attend Purdue, and out-of-state residents pay $42,000—more than double what both paid a decade ago. Bureaucratic expansion hasn't led to the higher tuition, says Acting President Timothy Sands. The problem is a lack of state funding, which accounts for 13 percent of Purdue's budget and hasn't kept pace with rising costs. Purdue has added administrators to oversee a growing number of research grants and beefed up its staff for fundraising and marketing to help attract full-paying students, Sands adds. "This is a $2.2 billion operation—you've got to have some people involved in administering it, managing it, running it, leading it," he says. "We're about as lean as we can afford to be."

Robinson and the faculty senate have taken their complaint to Purdue's trustees and to Indiana's Republican governor, Mitch Daniels, a fiscal hawk who will become the school's president when his term expires in January. He says he wants to take a look at administrative costs that

60%

Growth in administrators at U.S. universities from 1993 to 2009

Quoted

"Whether the Earth was created in seven days or seven actual eras, I'm not sure we'll ever be able to answer that. It's one of the great mysteries."
—Florida Republican Senator Marco Rubio

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