

System Versus Independent Hospitals – What's the Diff?

Small Rural Hospital Improvement
Program (SHIP)

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Rural Health Value

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Rural Health Value (RHV)

- To facilitate rural provider and community transitions from volume-based to value-based health care and payment.
- **Rural Health Value's** charge
 - Develop tools and resources
 - Interpret health policy
 - Disseminate best practices
 - Provide direct technical assistance
 - Share rural stakeholder experiences



www.ruralhealthvalue.org



Hospital Fast Facts

Fast Facts on U.S. Hospitals, 2023

Two-thirds of Community Hospitals are Urban



65%
Urban
(3,357)



35%
Rural
(1,800)

Community Hospitals by Urban vs Rural (Total 5,157), FY2021

Source: American Hospital Association. Fast Facts on U.S. Hospitals, 2023
<https://www.aha.org/statistics/fast-facts-us-hospitals>
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Fast Facts on U.S. Hospitals, 2023

Two-thirds of Community Hospitals are System-affiliated



68%
System-affiliated
(3,514)



32%
Independent
(1,643)

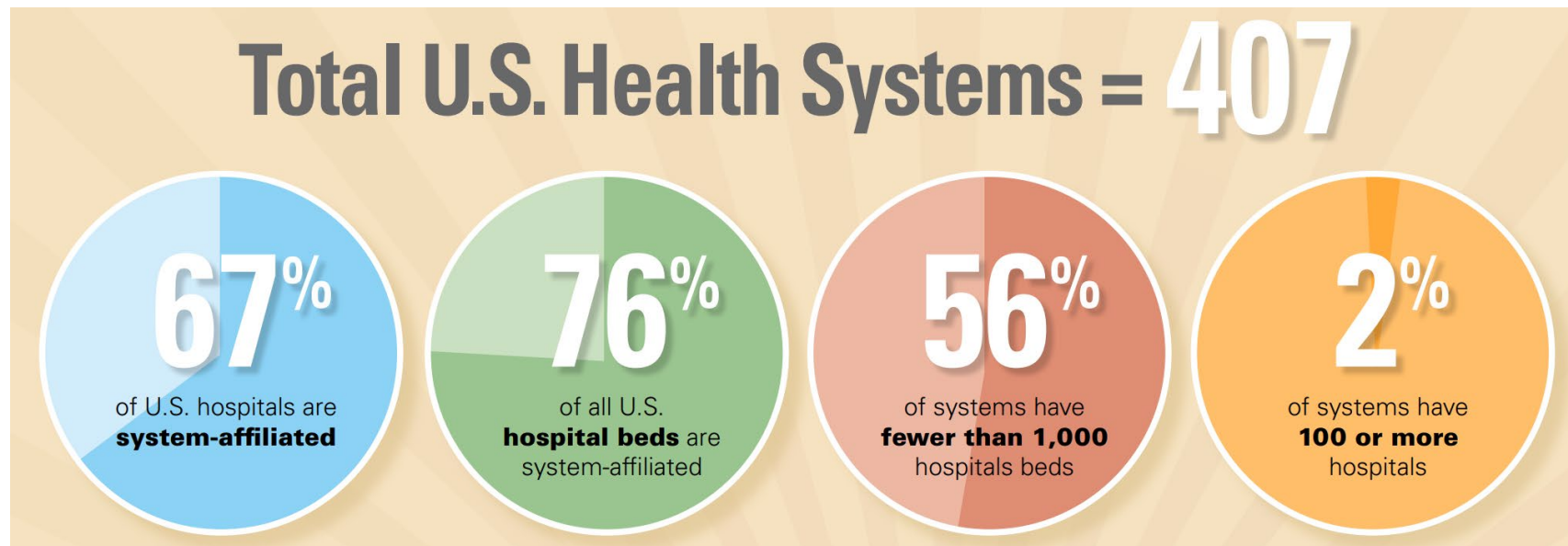
Community Hospitals by System-affiliated vs Independent (Total 5,157), FY 2021

Source: American Hospital Association. Fast Facts on U.S. Hospitals, 2023
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Hospital Systems (AHA)

A multihospital system involves two or more hospitals, while a single diversified hospital system involves one hospital and three or more pre- or post-acute health care organizations.



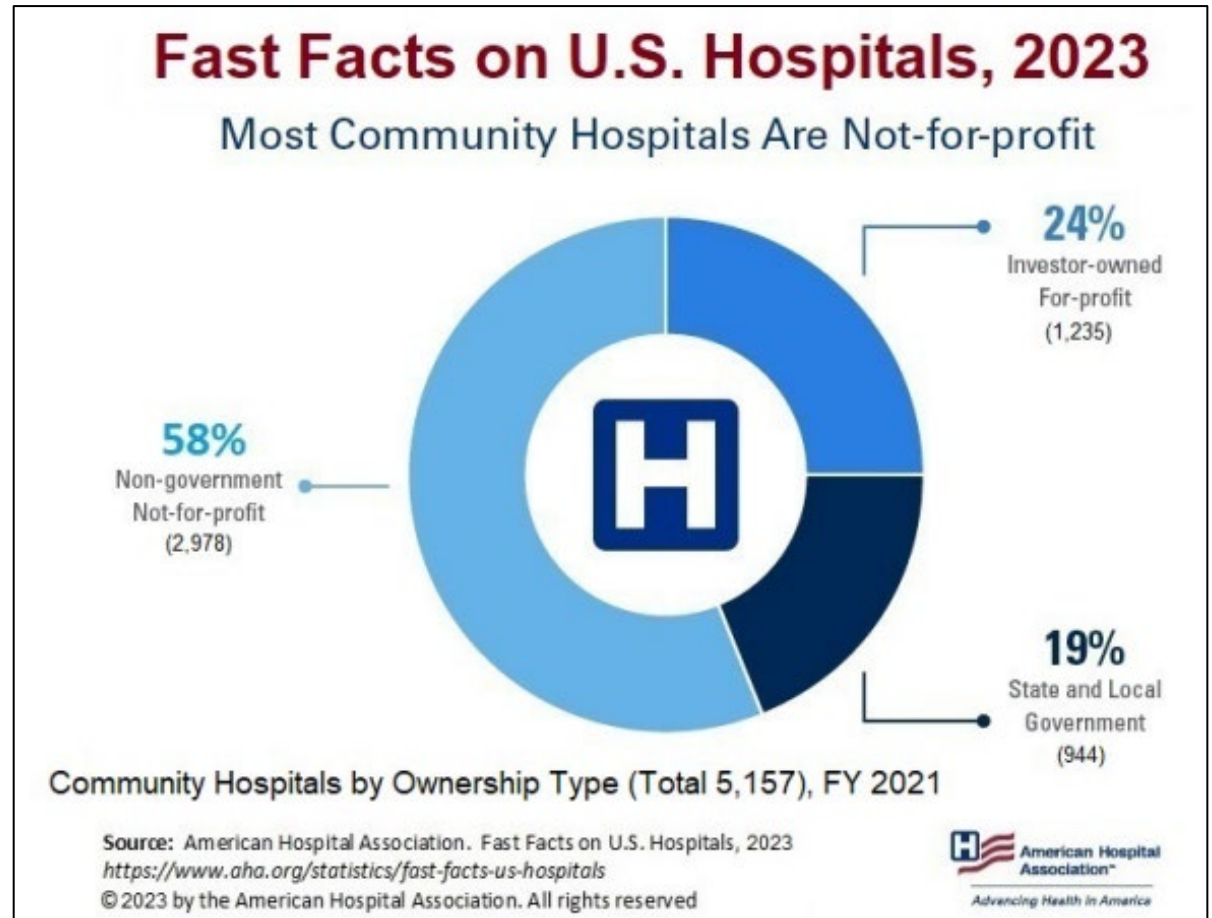
Differences and Similarities

1. Ownership
2. Designation
3. Payment
4. Operations
5. Inter-dependence



Ownership

- For profit (investors)
- Nonprofit (bond holders)
- Government
- Joint ownership



Designation

Acute Care Hospitals

- Prospective Payment System
- Critical Access Hospital
- Rural Emergency Hospital (new)
- Special designations (SCH, MDH, LVH)
- Specialty hospitals



Payment

- Prospective payment
- Cost-based reimbursement
- Direct fee-for-service
- Value-based payment
 - ACOs
 - CMS VBP Program
 - Bundled payment programs

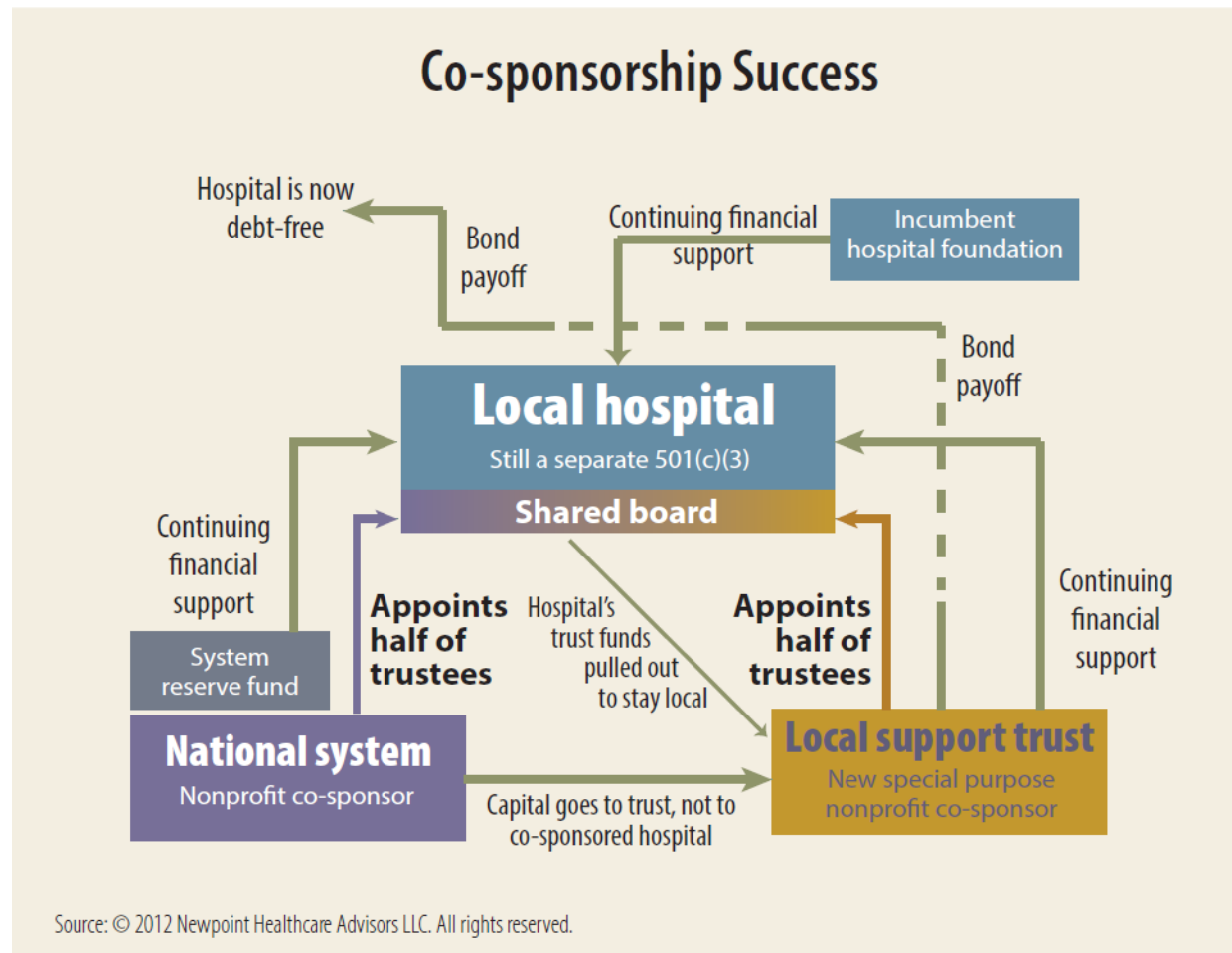
Operations

- Economies of scale
- Peripheral support (e.g., IT, QI)
- Process standardization
- Bench depth
- Decision-making
- Cross-learning and coordination

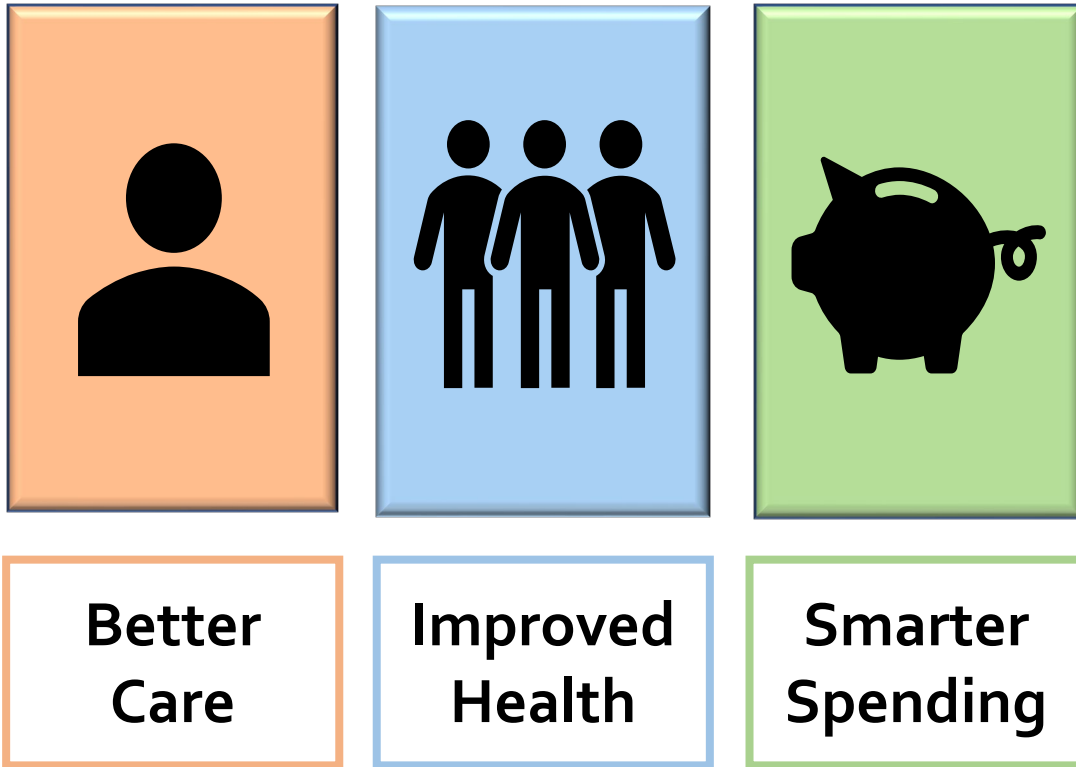


Inter-dependence

- “Independence” is not a mission.
- Instead: health care that serves the community in perpetuity.
- Many models facilitate inter-dependence.
- Goal: Triple Aim



Triple Aim and Why It's Important



- What most people expect of the healthcare system!
- Let's also consider the *Quadruple Aim*.
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