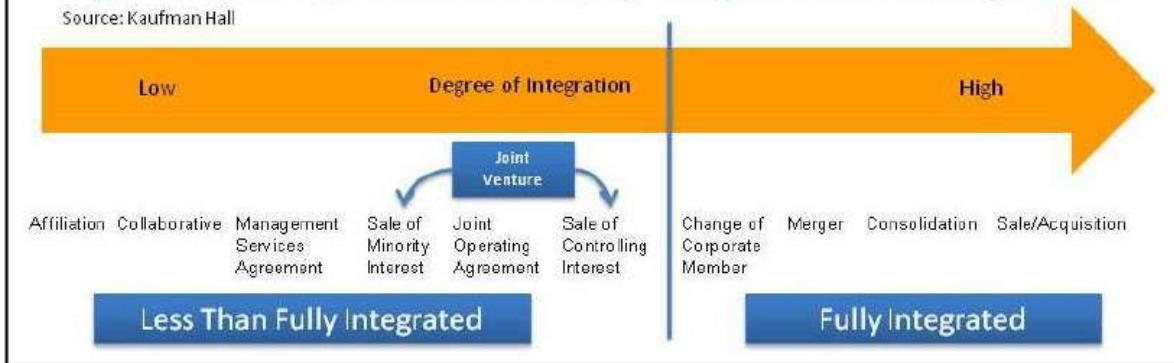


Options Range Across Many Degrees of Integration

Source: Kaufman Hall



Less than fully integrated models:

Fully integrated models (change of ownership or control):

Less than fully integrated models:		Fully integrated models (change of ownership or control):	
Potential Advantages	Potential Disadvantages/Challenges	Potential Advantages	Potential Disadvantages/Challenges
Pathway to achieving economies of scale without giving up total autonomy	May not address critical capital needs	Large short-term investments in infrastructure	Loss of control of future direction of the hospital
Can serve as a means of accessing resources that may be difficult for smaller hospitals to acquire and own on their own (EHRs, clinical protocols, administrative and clinical expertise)	Could lead to a growing dependence on a larger and more powerful institution (i.e., a de facto change in control without corresponding capital benefit)	Greater financial stability	Finality, no going back
Can create opportunities for participating in value-based payment models (ACOs – commercial and MSSP, bundled payments, etc.)	Collaboration may require capital, infrastructure and human resources from all parties	Common control can facilitate clinical and financial integration across facilities	Integration and implementation challenges (organizational and cultural barriers to integrating different practices and facilities)
Easier to unwind (which may be beneficial in antitrust analysis)	Legal considerations include antitrust, fraud and abuse and tax exemption	Advantages of size and economies of scale	Legal challenges (antitrust, governance)
		Improved brand/reputation	

A tool from HFMA's Value Project Toolkit: hfma.org/valueproject