

HFMA's Value Project Phase 3 – Acquisitions and Affiliations Toolkit

Tool: Special Considerations for Different Organization Types

Different types of organizations face unique issues. Consider the following questions when evaluating your position as an academic medical center, aligned integrated system, multihospital system, rural hospital, or stand-alone hospital.

If an academic medical center:

- How important is it to your organization to expand its physician network or geographic footprint? How confident are you that your organization can accomplish this on its own?
- Does your organization have a funds flow model and governance structure that enable collaborative decision-making and goal-setting?
- Does your organization have a good understanding of the drivers of its cost structure, and opportunities to improve it?
- How strong is your organization's brand? How do you know?
- How successful has your organization been at developing a primary care physician referral network with minimal leakage? What are the challenges or barriers?
- Is your service area of sufficient size (suggested minimum of access to 3 million lives for an AMC) to support the quaternary services provided by your organization? How do you expect demand for quaternary services to change in your service area in the future, and what does this imply in terms of need for geographic expansion?

If an aligned integrated system:

- How important is it to your organization to expand its physician network or geographic footprint? How confident are you that your organization can accomplish this on its own?
- How strongly ingrained is your organizational culture? How "portable" is this culture? If you sought to affiliate with another organization, what would you need to look for to ensure the likelihood of a good cultural fit?
- If you offer a health plan, has enrollment been increasing, declining or stable? Why? How confident are you in your organization's plans to maintain or increase enrollment?

If a multihospital system:

- How important is it to your organization to expand its physician network or geographic footprint? How confident are you that your organization can accomplish this on its own? What are the barriers or enablers?

- How flexible is your organization in terms of experimenting with a variety of delivery models?
- Is your organization large enough that it attracts potential partners, or will you need to seek them out?

If a rural hospital:

- How educated is your board regarding significant trends shaping the future of your hospital?
- How committed is your board of directors to retaining local control?
- How strongly is your facility tied to the local community?
- How important is it to your organization's future goals to achieve greater scale? What are the key benefits you seek from adding scale?
- Has your organization developed financial models that account for reduced revenues, including reductions in critical access or sole provider funding?

If a stand-alone hospital:

- How educated is your board regarding significant trends shaping the future of your hospital?
- How committed is your board of directors to retaining local control?
- How strongly is your facility tied to the local community?
- How important is it to your organization's future goals to achieve greater scale? What are the key benefits you seek from adding scale?

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