

# System Versus Independent Hospitals – What's the Difference?

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](http://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)

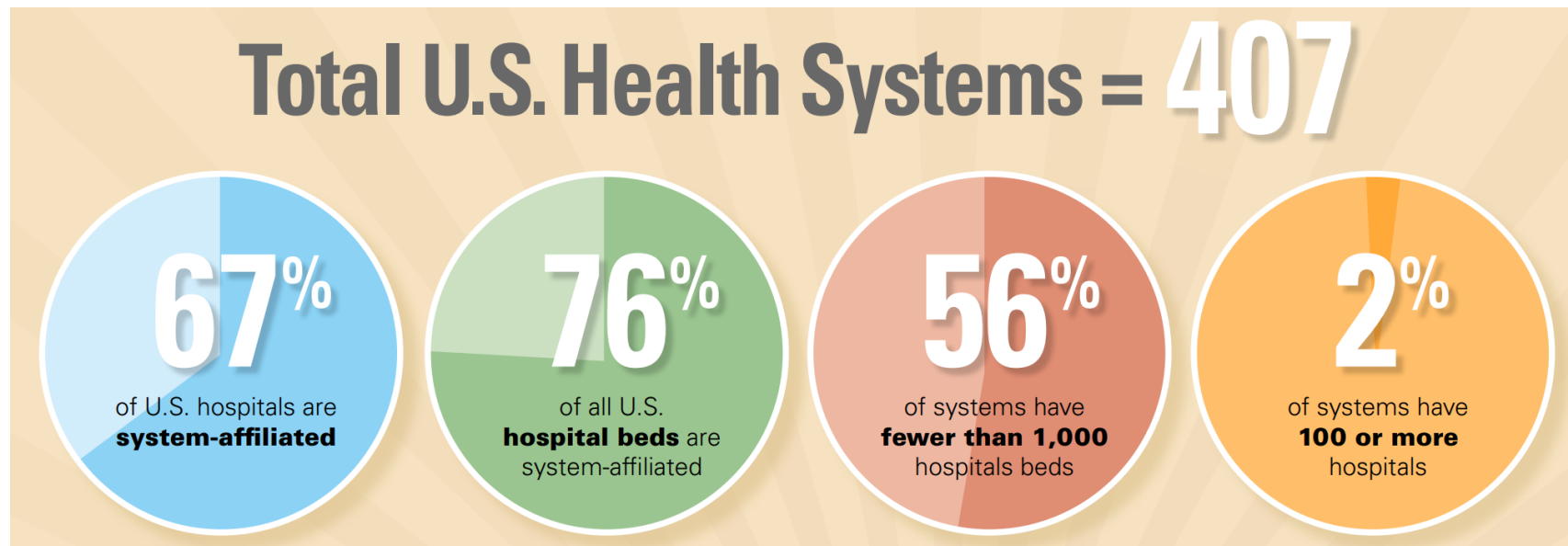
Community Hospitals by System-affiliated vs Independent (Total 5,157), FY 2021

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.



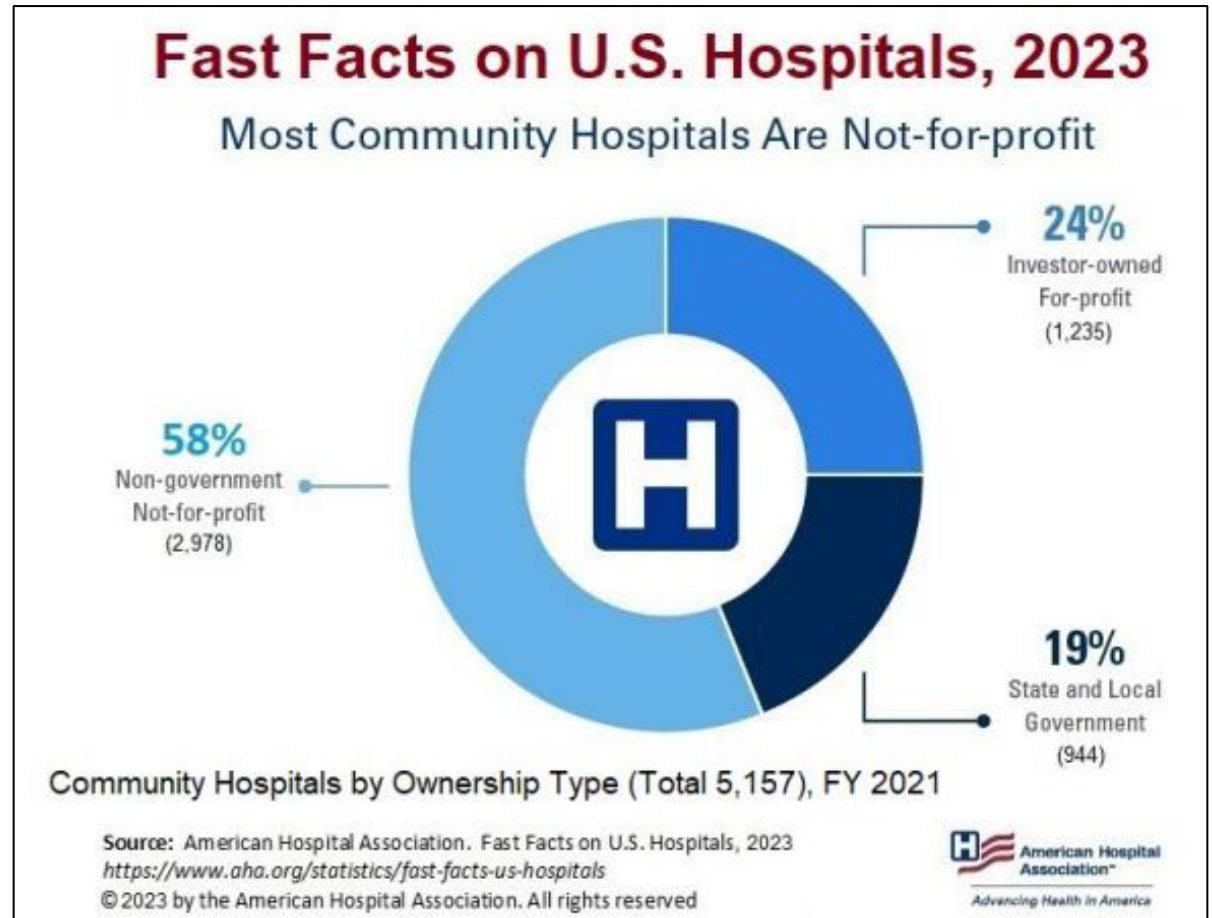
# Differences and Similarities

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- Ownership
  - Designation
  - Payment
  - Operations
  - Interdependence



# Ownership

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



# Designation

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## Acute Care Hospitals

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



# Payment

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





# Operations

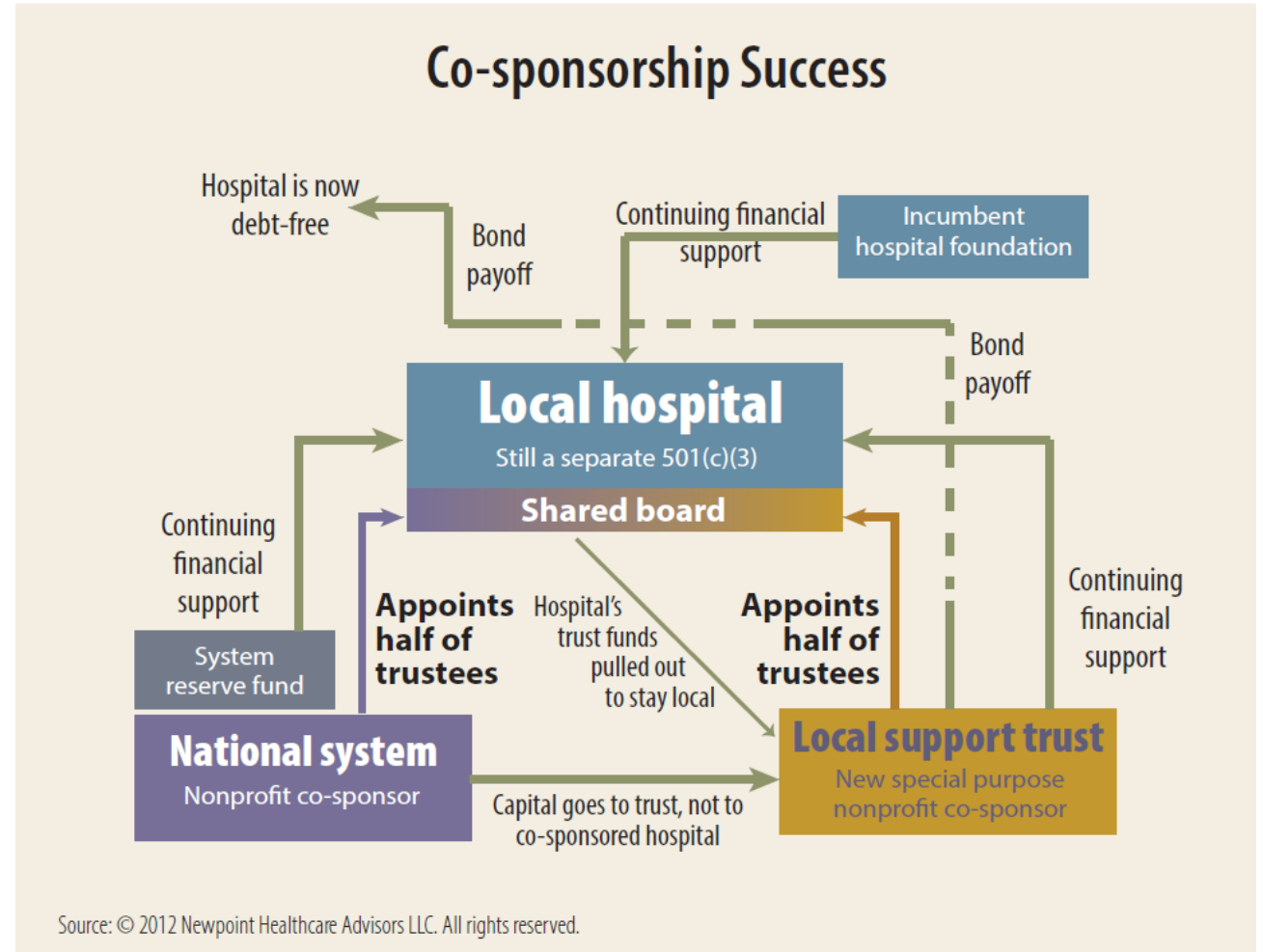
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- Economies of scale
- Peripheral support (e.g., IT, QI)
- Process standardization
- Bench depth
- Decision-making
- Cross-practice learning and coordination

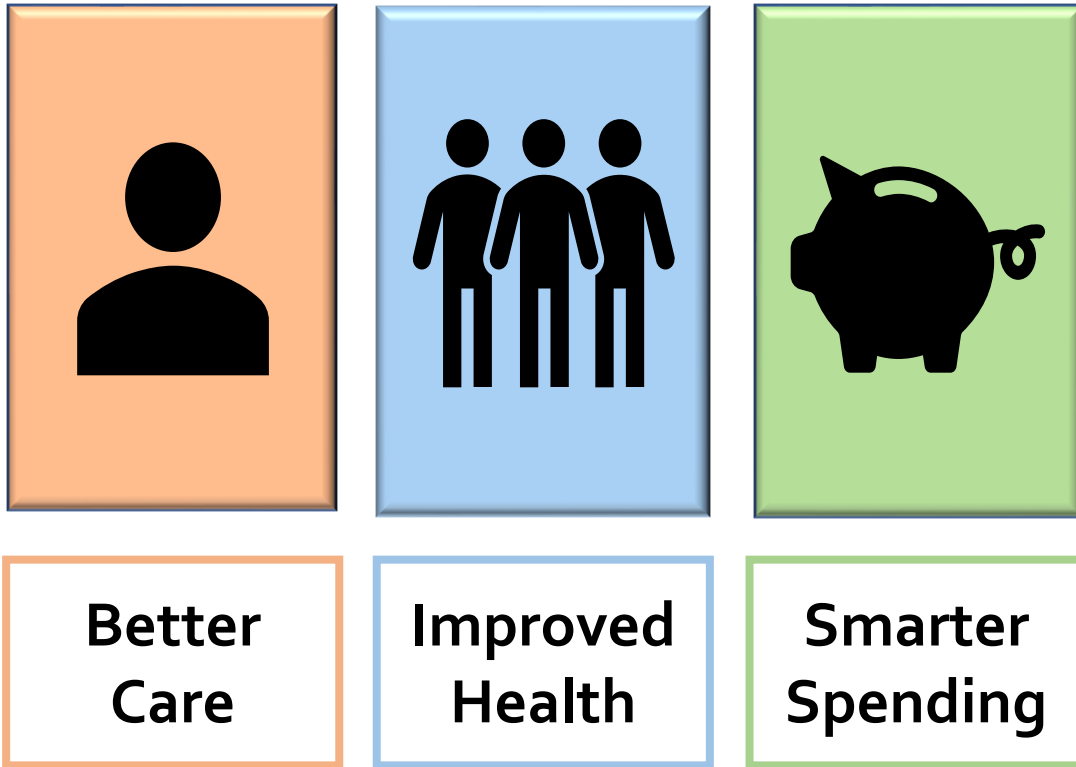


# Interdependence

- “Independence” is not a mission.
- Instead: health care that serves the community in perpetuity.
- Many models facilitate interdependence.
- 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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