



ISSUE BRIEF

Hospital Mergers and Affiliations

Ensure Hospitals' Ability to Form Strategic Partnerships

Health care is in a time of intense change: exciting new treatments are available, and patient safety and quality is improving. There are also significant challenges. The population is aging and personnel, infrastructure and technology costs are increasing.

A major goal of the Affordable Care Act is to encourage the separate pieces of the health care system to collaborate. One way to accomplish this goal is to formally affiliate with another hospital or a system.

Maintaining the Safety Net

Many hospitals do not have extra funds to update their buildings and patient rooms, invest in quality and safety innovations, expand services, or compete for top-quality doctors and nurses. A partner can help them do this. Some hospitals will have to either dramatically cut services or close without another hospital partner.

Others will be able to stay open, but may not be able to keep up with patient needs. A partnership may help hospitals reduce administrative costs by sharing payroll or record-keeping services. It may also increase access to telehealth services, electronic medical records, and broad referral networks, all of which improves patient care.

Improving Care Coordination

Independent health care providers such as physicians, hospitals, clinics, and long-term care facilities operate in a system of healthy competition and innovation. However, patients have to navigate between providers, and those transitions can be difficult.

Patients benefit when their care is coordinated among doctors, clinics, hospitals, and other providers. The goal of coordinating care is higher quality care and healthier people



Partnerships can help improve care coordination for patients.

and communities. Some hospitals are finding that the best way to provide that coordination is forming relationships with other partner hospitals.

Types of Partnerships

There are many kinds of affiliations. For example, a physicians' clinic might affiliate with a hospital in order to share a medical record system, or two hospitals with different specialty areas might affiliate to make it easier to see physicians in both locations. Another hospital might maintain an independent board of directors, but contract with a health system to provide operational services.

Patients will continue to have choice about where to seek care, depending on what their insurer allows. Hospitals and health systems continue to compete with one another and with other providers to provide the best value and the highest quality care.

WSHA Position

Mergers and affiliations are preserving core hospital services. While many hospitals are able to maintain a completely independent status, others may have to close or reduce needed services without a partner. All hospitals are important to their communities and are part of the state's health care safety net. It is essential that hospitals have the flexibility to form the affiliations necessary to improve efficiency and care coordination for their patients.

"By forming a partnership with Swedish, we gained access to Epic, an enterprise wide electronic medical record system. Most importantly, we structured our agreement to ensure that the hospital continues to be governed independently and retains control over all local health care decisions."

– Mike Glenn, CEO, Jefferson Healthcare, Port Townsend