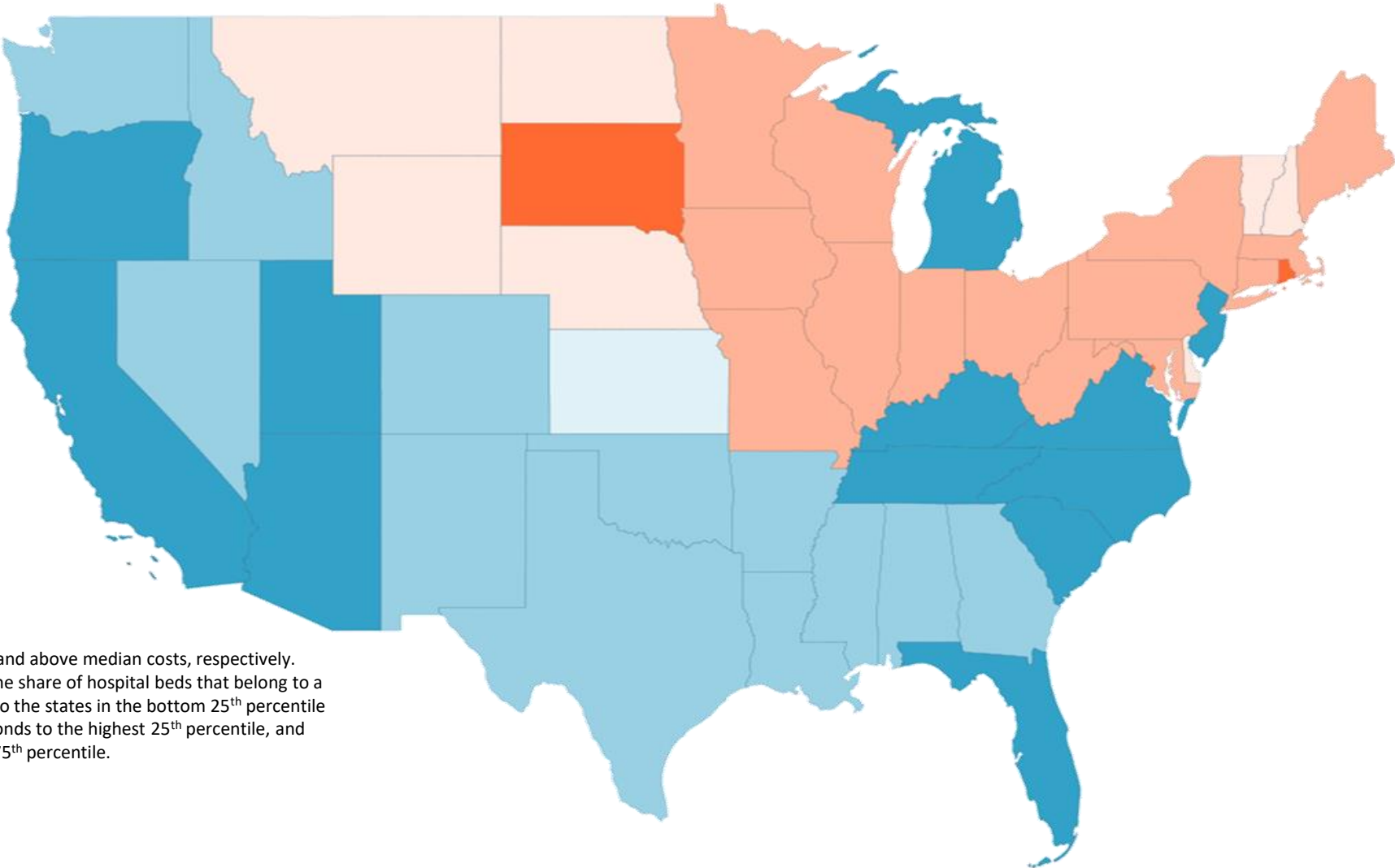


- **Provider Integration**

- Updated Results
- November 16, 2018

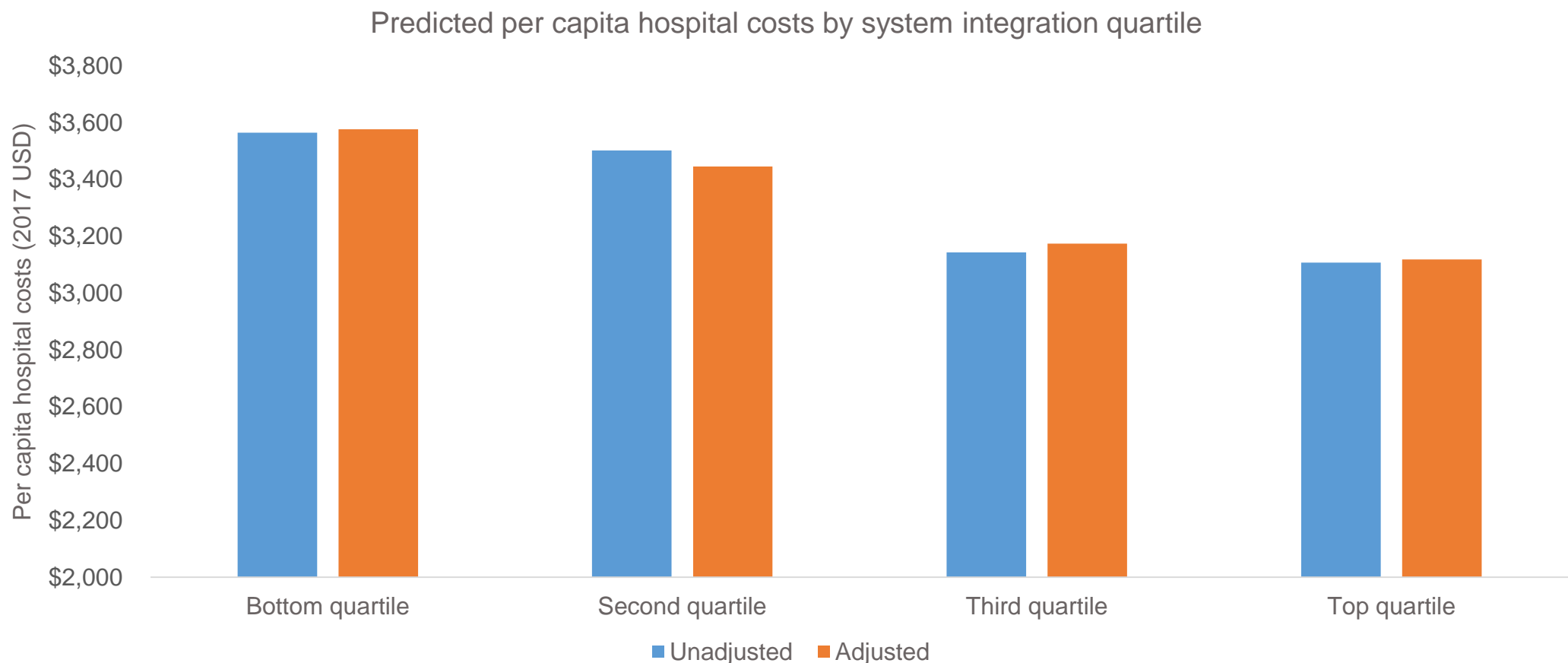
States with the highest proportion of system hospitals tend to have lower per capita hospital costs

		Low cost	High cost
System integration level	Low	1	8
	Mid	12	14
	High	13	3



Notes: Low and high cost correspond to below and above median costs, respectively. State-level system integration is measured as the share of hospital beds that belong to a hospital system. Low integration corresponds to the states in the bottom 25th percentile of system integration, high integration corresponds to the highest 25th percentile, and mid integration corresponds to the middle 25-75th percentile.

Compared with bottom quartile of system integration, predicted hospital costs are 13% lower for hospitals in top quartile



Notes: Predictions based on a state-level regression of per capita hospital costs on system integration quartile indicators. The adjusted results include controls for patient severity (case mix index) and technology level (Saidin index). System integration is measured as the proportion of hospital beds in a state that belong to a system. Sample includes 2010 and 2014 data. State-level cost data is not available for 2015 and beyond.

- **Hospital Systems and Service Provision**

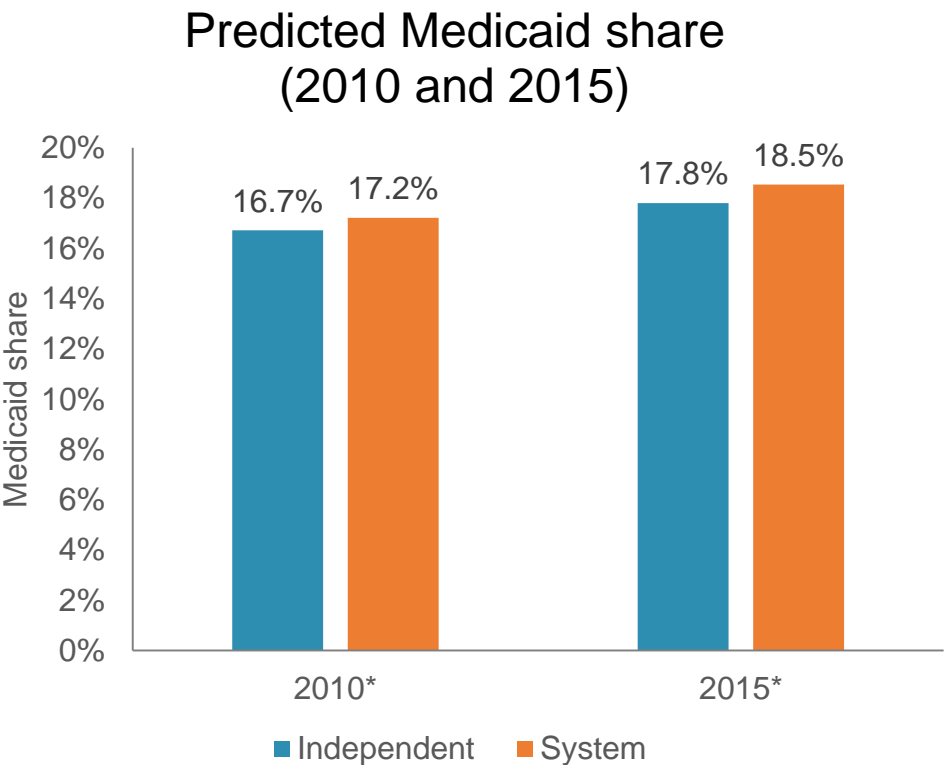
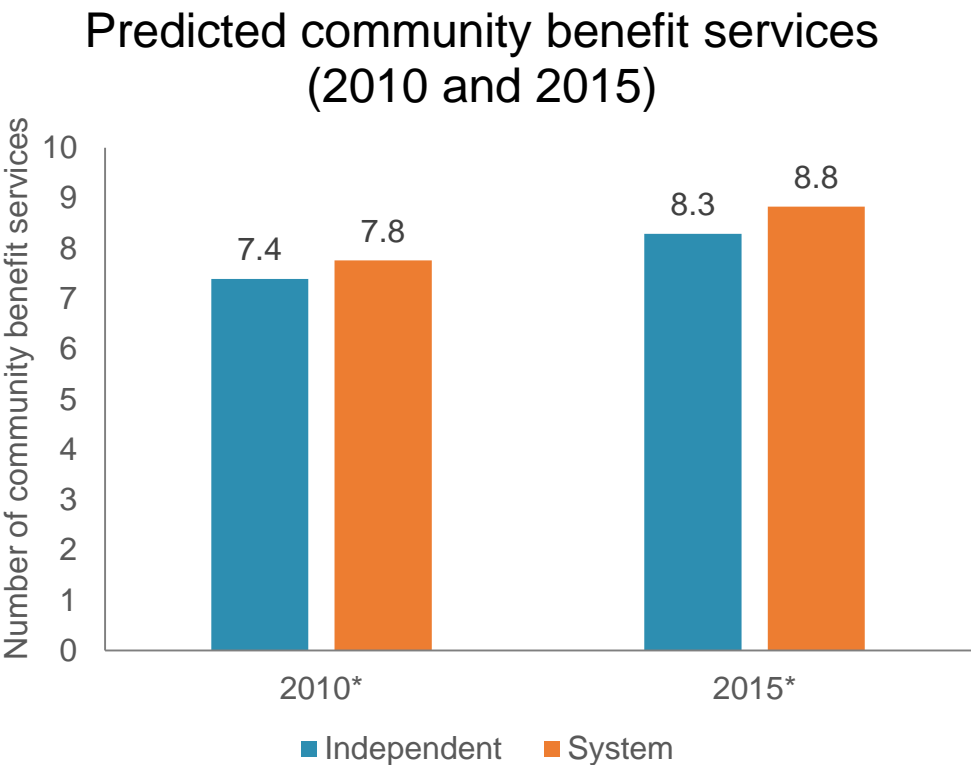
System hospitals provide more services, including community benefit services, compared with independents

Means by system classification (2010 and 2015 combined)

	Independent hospitals	System hospitals
Number of services*	51.8	61.5
Number of clinical services*	37.5	45.4
Number of community benefit services*	7.5	8.6
Saidin Index*	22.6	27.8
Medicaid share*	16.9	18.2

Notes: Community benefit services include: adult day care, children's wellness programs, community outreach, crisis prevention, enabling services, enrollment assistance, health fairs, community health education, health screenings, health research, immunization programs, indigent care clinics, meals on wheels, patient education centers, psychiatric education services, social work services, support groups, teen outreach services, and retirement housing. The Saidin Index is a measure of technologic complexity, with higher values implying more technologically advanced service provision. * indicates the difference in means for independent hospitals and system hospitals is statistically significant (p-value<0.01).

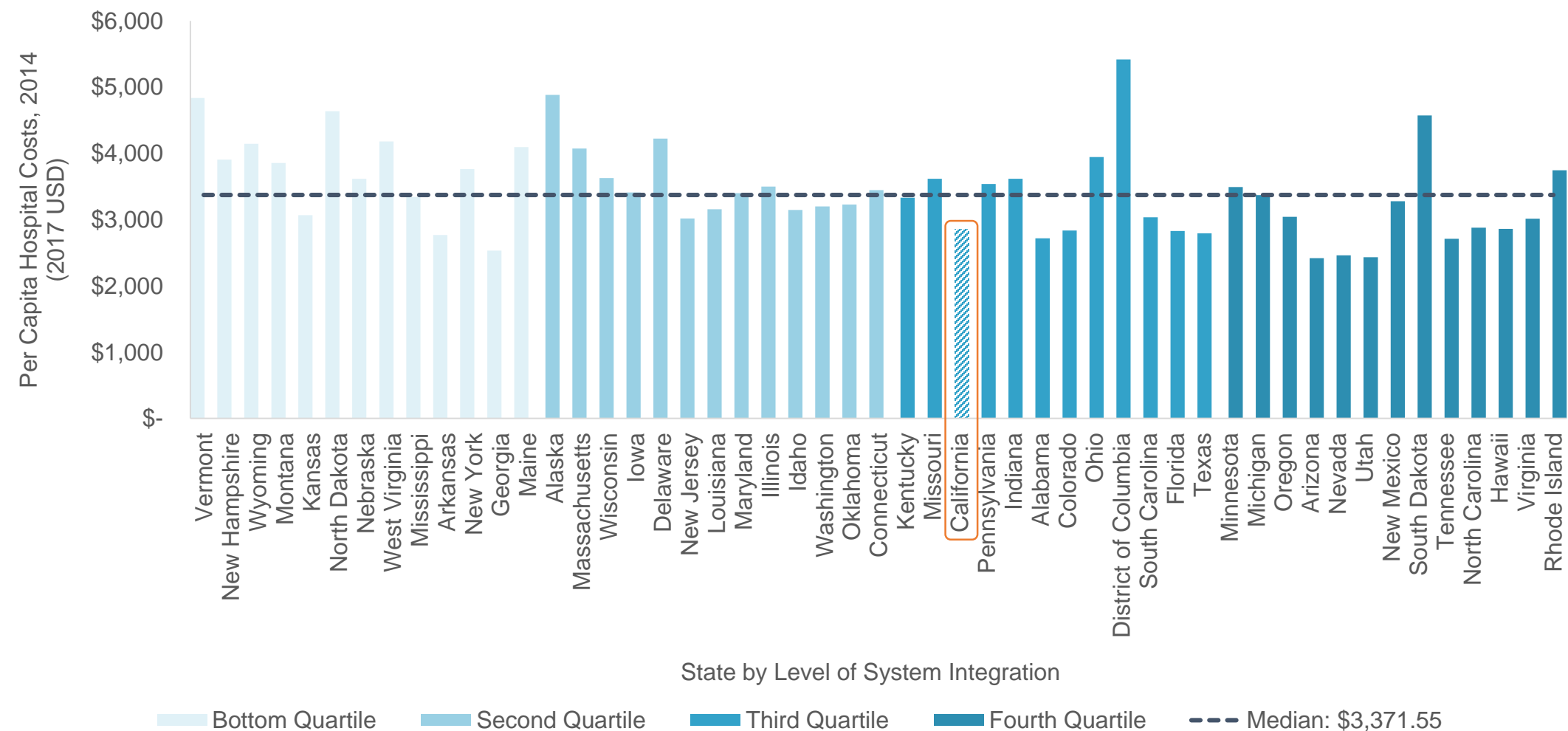
Even after adjusting for market level controls, system hospitals provide more community benefit than independents



Notes: Predictions are from a regression of community benefit outcome (e.g., number of services or Medicaid share) on system indicator variable and market controls at the county-level. Market controls include percentage of the population that is white, percentage of the population that is aged 65+, percentage of the population with at least a bachelor's degree, unemployment rate, proportion of the population that is uninsured, median household income, the proportion of the population with income below 100% FPL, and an indicator for whether the hospital is in a Medicaid expansion state. Community benefit services include: adult day care, children's wellness programs, community outreach, crisis prevention, enabling services, enrollment assistance, health fairs, community health education, health screenings, health research, immunization programs, indigent care clinics, meals on wheels, patient education centers, psychiatric education services, social work services, support groups, teen outreach services, and retirement housing. Medicaid share is another measure of community benefit provision. *Indicates the difference in coefficients between independent hospitals and system hospitals in a year is statistically significant (p-value<0.10).

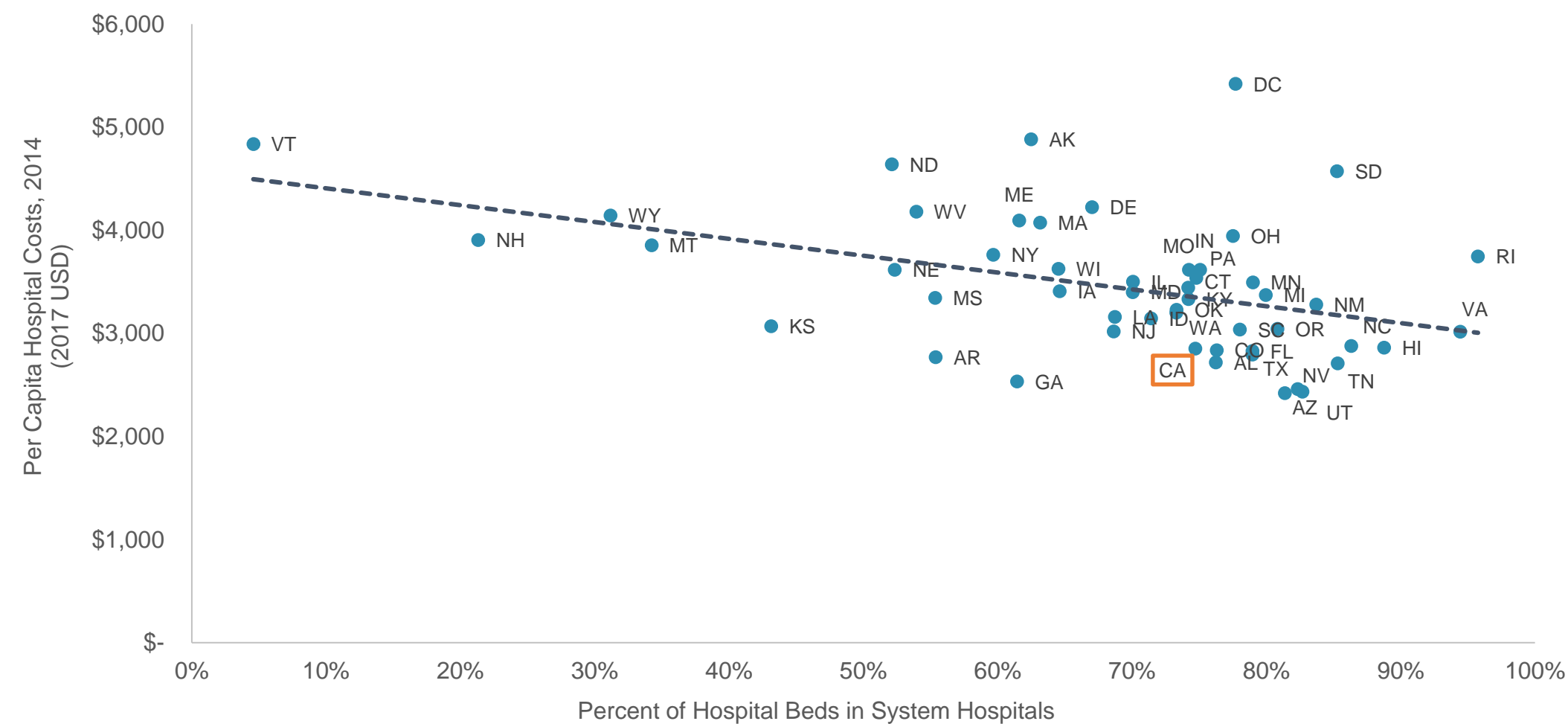
- **California Results**

California is in the third quartile of system integration and has per capita hospital costs below the national median



Note: California ranks 41st in per capita hospital costs among the 50 U.S. states and D.C. in 2014.

California is in the third quartile of system integration and bottom quartile of per capita hospital costs



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