

The Power of Partnership: Hospital Integration Holds Down Costs, Improves Quality, and Expands Access

The Issue

Like many hospitals in the United States, California's health care providers are joining forces to meet the evolving needs of communities and bring patients a seamless care experience. This collaboration enables people to avoid redundant tests, receive care closer to home, have access to specialized services such as organ transplants and trauma care, and benefit from advanced clinical expertise shared across multiple sites. Integrated systems also ensure that struggling hospitals have the resources necessary to comply with costly regulations, to pay for new technology that improves patient safety and the quality of care, and to support outreach programs that keep people healthy and active.

What's Needed

As legislators consider policies to ensure accessible, affordable, and high-quality health care, they should be cognizant of the many benefits provided by health care systems, and how those systems help provide a continuum of care across the state. Among the benefits:

- Hospital integration holds costs in check — states with the highest proportion of system hospitals tend to have lower per capita hospital costs. ([USC Schaeffer](#))
- Savings from integration are passed on to patients and their health plans — revenues per admission at hospitals that join systems drop by 3.5% compared to non-merging hospitals. ([Charles River Associates](#))
- The strength of an integrated system can keep financially struggling hospitals — especially those in rural and underserved communities — open and operating when they otherwise might close.
- By banding together, hospitals are able to make investments in technology and quality improvement that they would not otherwise. ([Deloitte Center for Health Solutions](#))

75%

of California's hospital beds are part of hospital systems, and California ranks as the

9th lowest

state in terms of per capita hospital costs. ([USC Schaeffer](#))

Integration has shown to reduce annual operating expenses by

2.3%

for hospitals that join systems. ([Charles River Associates](#))

82 hospitals in California that have negative operating margins are supported by systems; three-quarters of the patients at these hospitals are Medicare/Medical enrollees or receive charity care.

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