

CHA Talking Points

Hospitals Modernize Health Care Delivery to Hold Down Costs, Improve Quality, and Expand Access

1. Patient care in the 21st century means integration.

- Across the country, health care providers are reinventing themselves to meet the evolving needs of patients and communities by harnessing the power of technology and innovations in care delivery.
- For hospitals, this means a joining of forces, as they come together to create options and a seamless experience for patients in all communities to get the right care, at the right time, in the right setting.
- These changes are a direct response to the legitimate expectation people have, aligned with hospitals' longstanding goals, for convenient, affordable, and high-quality health care.

2. Integration holds costs in check.

- Seventy-five percent of California's hospital beds are part of hospital systems, and California ranks as the *ninth lowest state* in terms of per capita hospital costs. (USC Schaeffer)
- Hospital integration has shown to reduce annual operating expenses by 2.5 percent. ([Charles River Associates](#))
- States with the highest proportion of system hospitals tend to have lower per capita hospital costs. (USC Schaeffer)

3. Integration preserves access in underserved communities and expands specialty services to those in need.

- When hospitals come together, improved efficiency when coping with a burdensome regulatory environment sustains the operation of hospitals in rural or underserved areas that would otherwise shutter entirely.
- Eighty-one hospitals in California that have negative operating margins are supported by systems; nearly three-quarters of the patients at these hospitals are Medicare/Medi-Cal enrollees.
- Hospital systems are able to make investments in technology and quality improvement that they would not otherwise. ([Deloitte Center for Health Solutions](#))

Strength in Numbers

Hospital integration can help improve health care quality and efficiency.

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.



Hospital integration has shown to reduce annual operating expenses by **2.5 percent.**



Two-thirds of the state's hospitals with negative operating margins are supported by hospital systems, and **75 percent** of the patients at these hospitals are covered by Medicare, Medi-Cal or charity care.

Facts

- States with the highest proportion of system hospitals tend to have lower per capita hospital costs.
- Hospitals that are part of systems are able to make investments in technology and quality improvement that they would not otherwise.
- Improved efficiency due to system membership sustains the operation of hospitals in rural or underserved areas that would otherwise be at risk of closure.



How you can help:

Protect hospitals' ability to be operationally flexible in meeting the needs of the unique communities they serve.