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Strategic Hospital Alliances: Impact On Financial Performance

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Abstract

ABSTRACT:

Acute care hospitals have increasingly been forming local strategic hospital alliances (SHAs), which consume considerable resources in forming and may affect the competitiveness of provider markets. This research shows that SHAs and market factors, which have been perceived to be threats to hospitals, are related to hospitals' financial performance. Among the findings are that SHA members have higher net revenues but that they are not more effective at cost control. Nor do the higher net revenues result in higher cash flow. However, increasing SHA penetration in a market is related to lower net revenues per case. In addition, the penetration of private health maintenance organizations in markets is associated with lower revenues and expenses.

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