IMPACT OF MULTI-HOSPITAL SYSTEM ORGANIZATIONAL STRUCTURE ON FINANCIAL PERFORMANCE AND QUALITY OF CARE IN RURAL HOSPITALS

by

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Considering the increasing challenge to providing access to affordable healthcare in the US and its effect on the economy, it is critical for patients, healthcare organizations, financial institutions, and federal and state agencies to understand the impact of different organizational structures within affiliated hospitals. The objective of this study was to investigate the impact of different organizational structures within rural multi-hospital systems on the hospitals’ financial performance and the quality of care to the patients.

The data for this study was drawn from linking two national datasets: the 2011 American Hospital Association (AHA) Annual Survey and the 2012 American Hospital Directory (AHD). The two databases were linked via the Medicare ID Number. The AHA survey provided information on rural hospitals’ organizational structure and financial information. The AHD data, extracted from the 2012 CMS Medicare Compare National Dataset based on researchers’ specification, provided the quality of care and financial measures for the study. The three financial measured used were 1) operating margin, 2) return on equity (ROE), and 3) days cash on hand. Furthermore, the quality of care indicators studied were the 30-day readmission rate and the 30-day mortality rate associated with Acute Myocardial Infarction, Heart Failure, and Pneumonia. Multi-variant pairwise regression analysis was used to examine the relationship between the outcome variables, financial and quality indicators and hospitals’ organizational structure (centralized, decentralized and moderately centralized).