

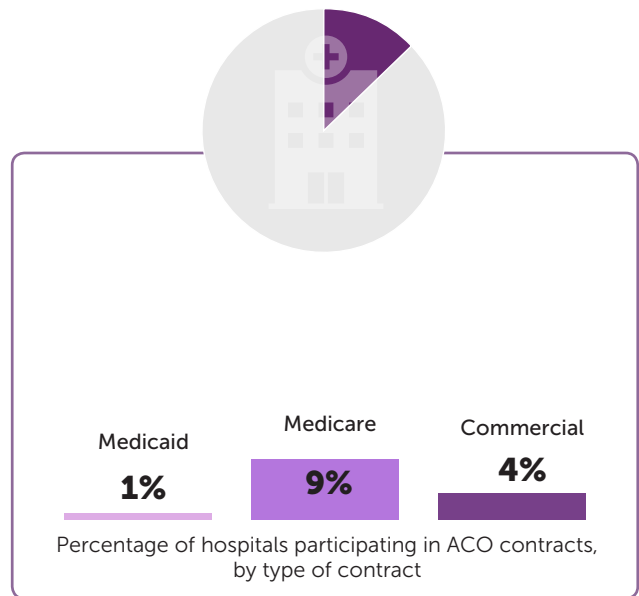
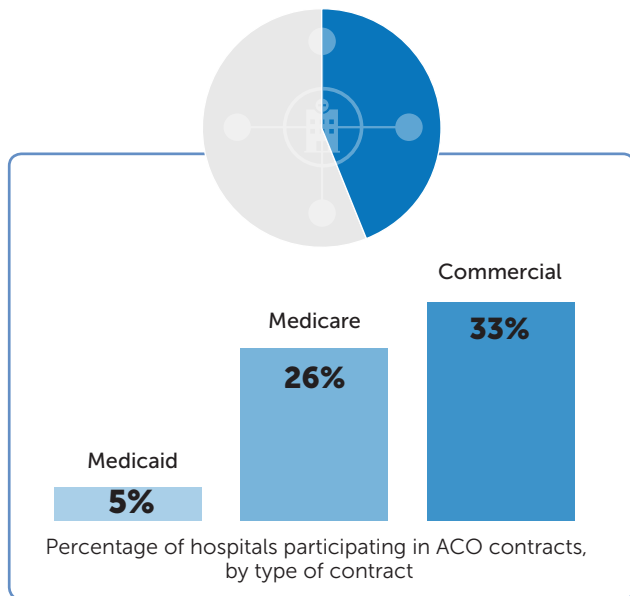
# Health System Participation in Accountable Care Organizations (ACOs), 2016

## Hospital participation in ACO contracts, by system membership

*System hospitals are more likely to participate in ACO contracts.*

**44%** of system hospitals (N=3,421) participate in an ACO contract

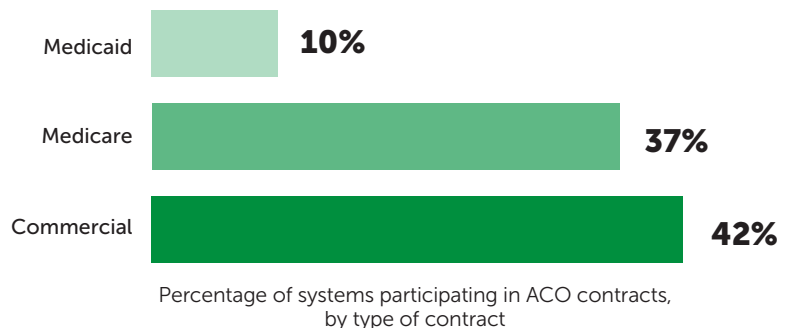
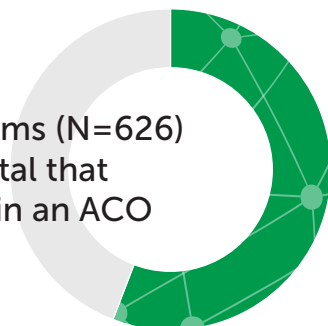
**13%** of non-system hospitals (N=1,509) participate in an ACO contract



## System participation in ACO contracts

*Slightly more than half of systems have a hospital that participates in an ACO contract. Commercial and Medicare contracts are the most common.*

**56%** of systems (N=626) have a hospital that participates in an ACO contract



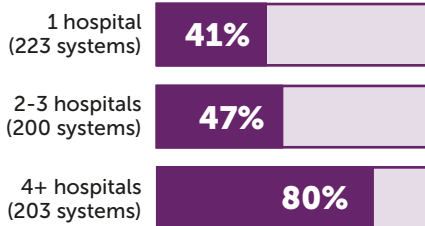
\*This analysis is based on AHRQ's Compendium of U.S. Health Systems, 2016 and the Hospital Linkage File. Developed as part of the Comparative Health System Performance (CHSP) Initiative, the Compendium and Hospital Linkage File are resources for data and research on health systems. For the purposes of the Compendium, **health systems include at least one hospital and at least one group of physicians that provide comprehensive care (including primary and specialty care) and are connected with each other through common ownership or joint management.** The CHSP Initiative includes a robust set of research activities that draw on several other definitions of health systems. For more information about these definitions, visit: <https://www.ahrq.gov/chsp/chsp-reports/resources-for-understanding-health-systems/defining-health-systems.html>.

# Percentage of systems participating in ACOs, by system type



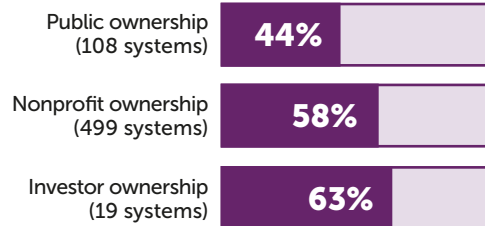
## SYSTEM SIZE

**Larger systems are more likely to participate in ACOs.**



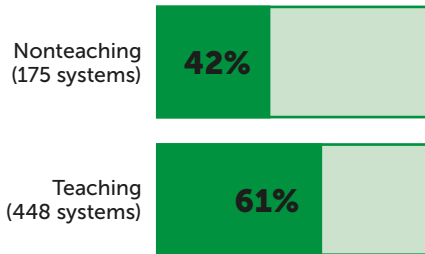
## OWNERSHIP

**Systems that are investor owned are more likely to participate in ACOs.**



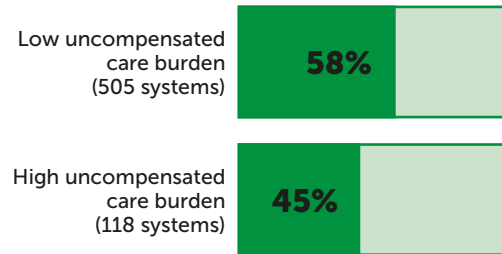
## TEACHING

**Systems with a high teaching intensity are more likely to participate in ACOs.**



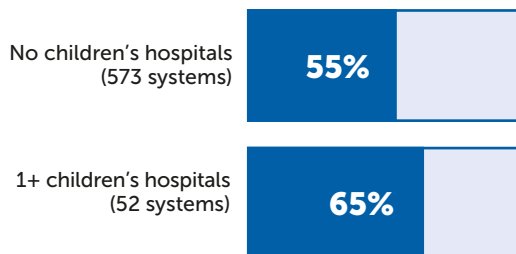
## SAFETY NET

**Systems with a lower uncompensated care burden are more likely to participate in ACOs.**



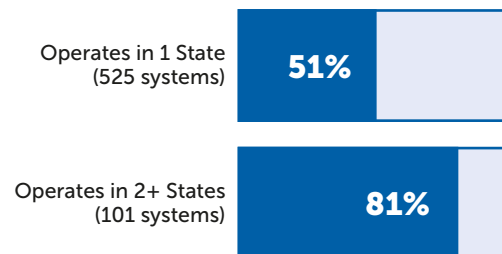
## CHILDREN'S SYSTEMS

**Systems that include at least one children's hospital are more likely to participate in ACOs.**



## MULTISTATE SYSTEMS

**Systems that operate in two or more States are more likely to participate in ACOs.**



\*The shaded portions of the bars represent percentages of systems with hospitals participating in ACO contracts. There are 626 systems in the Compendium of U.S. Health Systems, 2016. Three systems are missing results for the safety net and teaching system variables; one system is missing information for the children's system variable. These systems are excluded from relevant calculations. The relationships between system type and ACO participation do not adjust for system size or any other system characteristics. For example, large systems and multistate systems might be more likely to participate in ACO contracts through their hospitals because they have more hospitals that could participate.

## Number and percentage of systems participating in ACOs, by system type

| System type                                    | Number of systems in ACO contracts | Total number of systems | Percentage of systems |
|--|------------------------------------|-------------------------|-----------------------|
| <b>System size</b>                             |                                    |                         |                       |
| 1 hospital                                     | 92                                 | 223                     | 41%                   |
| 2-3 hospitals                                  | 94                                 | 200                     | 47%                   |
| 4+ hospitals                                   | 162                                | 203                     | 80%                   |
| <b>Ownership</b>                               |                                    |                         |                       |
| Public ownership                               | 48                                 | 108                     | 44%                   |
| Nonprofit ownership                            | 288                                | 499                     | 58%                   |
| Investor ownership                             | 12                                 | 19                      | 63%                   |
| <b>Teaching</b>                                |                                    |                         |                       |
| Nonteaching                                    | 74                                 | 175                     | 42%                   |
| Teaching                                       | 274                                | 448                     | 61%                   |
| Minor teaching                                 | 174                                | 286                     | 61%                   |
| Major teaching                                 | 100                                | 162                     | 62%                   |
| <b>Safety net</b>                              |                                    |                         |                       |
| Low uncompensated care burden                  | 295                                | 505                     | 58%                   |
| High uncompensated care burden                 | 53                                 | 118                     | 45%                   |
| Without a high DSH patient percentage hospital | 226                                | 430                     | 53%                   |
| With a high DSH patient percentage hospital    | 122                                | 193                     | 63%                   |
| <b>Children's systems</b>                      |                                    |                         |                       |
| No children's hospitals                        | 314                                | 573                     | 55%                   |
| 1+ children's hospitals                        | 34                                 | 52                      | 65%                   |
| At least one children's hospital               | 20                                 | 21                      | 95%                   |
| Predominately children's system                | 14                                 | 31                      | 45%                   |
| <b>Multistate systems</b>                      |                                    |                         |                       |
| Operates in 1 State                            | 266                                | 525                     | 51%                   |
| Operates in 2+ States                          | 82                                 | 101                     | 81%                   |
| Operates in 2 States                           | 46                                 | 58                      | 79%                   |
| Operates in 3+ States                          | 36                                 | 43                      | 84%                   |

DSH = disproportionate share hospital

Notes: Three systems are missing results for the safety net and teaching system variables; one system is missing information for the children's system variable. The results are missing for these systems because all of the hospitals in the systems have missing values. These systems are excluded from relevant calculations.

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## METHODS

This analysis is based on: (1) the Compendium of U.S. Health Systems, 2016, which presents a list of U.S. health systems and (2) the Hospital Linkage file, which provides information on hospitals and links hospitals to systems. To operationalize the definition of health systems described above, we identified systems using the following data sources:

- American Hospital Association (AHA) annual survey of hospitals data, 2015
- SK&A integrated health system database, 2016
- QuintilesIMS™ Healthcare Organization Services (OneKey Organizations [HCOS]), 2016

In addition to being identified in one of the data sources, systems had to meet these three criteria to be included in the final list: have at least one non-Federal general acute care hospital; have 50 or more total physicians; and have 10 or more primary care physicians.

We used data from the Leavitt Partners 2016 Torch Insight tool to construct measures of system participation in ACOs. We considered a system to participate in an ACO contract if any of their non-Federal general acute care hospitals participated in the relevant ACO contract type (Medicare, Medicaid or commercial).

Health system types were calculated using data from Centers for Medicare & Medicaid Services' Healthcare Cost Report Information System (HCRIS) and reflect all U.S. non-Federal general acute care hospitals. Health system types are defined as follows:

- **Ownership:** Systems are categorized as primarily public, nonprofit, or investor owned based on the majority of non-Federal general acute care hospital beds in the system. We compared HCRIS data on investor owned status to AHA data on investor-owned status. For cases in which the two data sources disagreed, we considered the system to be not investor owned. For systems with missing HCRIS ownership data, we filled in information from the AHA annual survey.
- **Teaching:** Systems are categorized as nonteaching, minor teaching, or major teaching based on their resident-to-bed ratio across systems' non-Federal general acute care hospitals. Systems with no residents are considered nonteaching systems, systems with a resident-to-bed ratio greater than zero but less than 0.25 are considered minor

teaching, and systems with a resident-to-bed ratio greater than or equal to 0.25 are considered major teaching systems.

- **Safety net systems:** Systems are categorized as serving the safety net using two measures: (1) systems with a high systemwide uncompensated care burden calculated as the ratio of total uncompensated care to total operating expense across systems' non-Federal general acute care hospitals and (2) systems with at least one hospital with a high DSH patient percentage. In both cases "high" is defined as the top quintile among U.S. health systems.
- **Children's systems:** Systems are categorized as having no children's hospitals, having a children's hospital but not predominately serving children, and predominantly delivering care at children's hospitals. Systems are considered to predominately serve children if a majority of non-Federal general acute care hospital beds in the system are in children's hospitals.

## CAVEATS AND LIMITATIONS

Because the list largely relies on the definitions of systems in the three data sources and systems' members specified in the data, systems may be included in this analysis that may not precisely align with the working definition. Similarly, we approximate delivery of comprehensive care using the hospital and physician type and count information, which may lead to inclusion of systems that do not provide comprehensive care in the manner intended by the definition. Further, we rely on hospital reporting in the HCRIS data for the system types and attributes, for which information about some hospitals is missing.

Our approach to measuring system participation in ACOs relied on indirect measurement of system participation via systems' hospital participation. However, ACOs can have participants at other levels. Therefore, we are not capturing all aspects of systems' participation in these models. For example, if a system has a physician group participating in an ACO, but none of their hospitals participated in the contract, the system's participation would not be captured.

**For more information about the methodology to construct and analyze the national list of health systems and a more detailed summary of caveats and limitations, visit: <https://www.ahrq.gov/chsp/compendium/technical-documentation.html>.**

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### **About the Comparative Health System Performance Initiative**

The Agency for Healthcare Research and Quality (AHRQ) created the Comparative Health System Performance (CHSP) Initiative to study the characteristics of high-performing health systems and to understand how health systems use evidence-based practices, including patient-centered outcomes research (PCOR). The effective adoption and use of PCOR evidence holds promise as a way to improve clinical outcomes and reduce costs. However, little is known about the characteristics of high-performing health systems and the role of PCOR evidence in health system performance.

The CHSP Initiative aims to address these knowledge gaps and accelerate the diffusion of PCOR evidence among health systems. Specifically, the objectives of the CHSP Initiative are to:

- Classify and characterize types of health systems and compare their performance on clinical and cost outcomes.
- Identify characteristics of high-performing health systems.
- Evaluate the role of PCOR in health system performance.
- Promote the diffusion of PCOR evidence across health systems nationally.

The Compendium of U.S. Health Systems, which presents a list of health systems in the United States, is a step toward classifying and characterizing health systems and is a data resource to help advance research on health systems. The Compendium is intended to be a resource for researchers, policymakers, health system leaders, and others who seek to study health systems and will be updated over the course of the 5-year initiative to reflect the evolving health care delivery environment.

For more information about the CHSP initiative, visit <https://www.ahrq.gov/chsp/>.