



Healthcare Industry Structure



UNDERSTANDING THE U.S. HEALTHCARE SYSTEM



1. GOVERNMENT OVERSEES ALL ASPECTS OF HEALTHCARE

- US Dept. of Health & Human Services
- Individual State Depts. of Health

2. PATIENTS CATEGORIZED BY PAYERS



EMPLOYER INSURED



INDIVIDUAL MARKET INSURED



CMS MEDICARE



CMS/STATE MEDICAID



UNINSURED

ACUTE CARE



- General Acute Hospitals
- Specialty Hospitals
- Psychiatric Hospitals

POST ACUTE CARE



- Skilled Nursing Facility (SNF)
- Inpatient Rehab Facility (IRF)

OUTPATIENT CARE



- Physician Offices
- Urgent Care Clinics
- Diagnostic Imaging Centers
- Diagnostic Laboratories
- Physical Therapy Clinics
- Ambulatory Surgery Centers (ASC)
- Dialysis Centers
- Infusion Therapy Centers
- Mental Health Centers

LONG-TERM CARE



- Assisted Living Centers
- Disability Service Centers

3. HEALTH-CARE PROVIDERS



4. PERIPHERAL ENTITIES

INSURANCE INDUSTRY

- Commercial Insurance
- Managed Care



3rd PARTY ORGANIZATIONS

- Accreditors
- Certifiers
- Professional & Advocacy Organizations



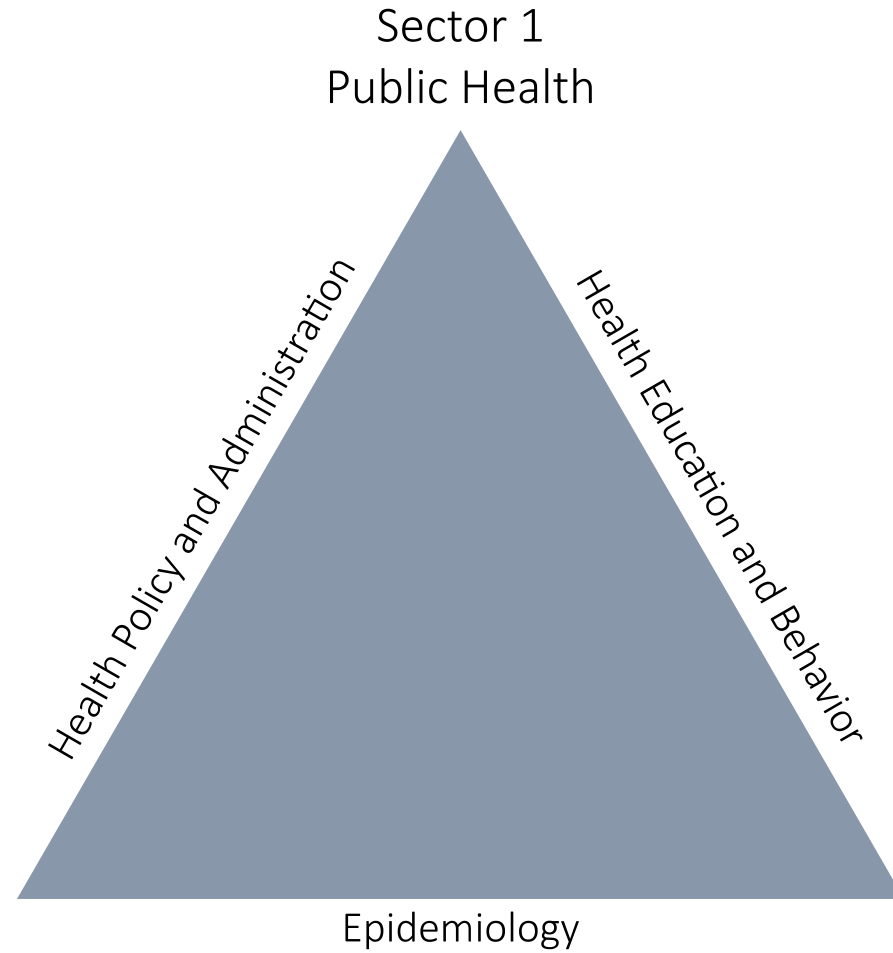
SUPPLIERS & MANUFACTURERS

- Medical Devices
- Pharmaceuticals
- Suppliers

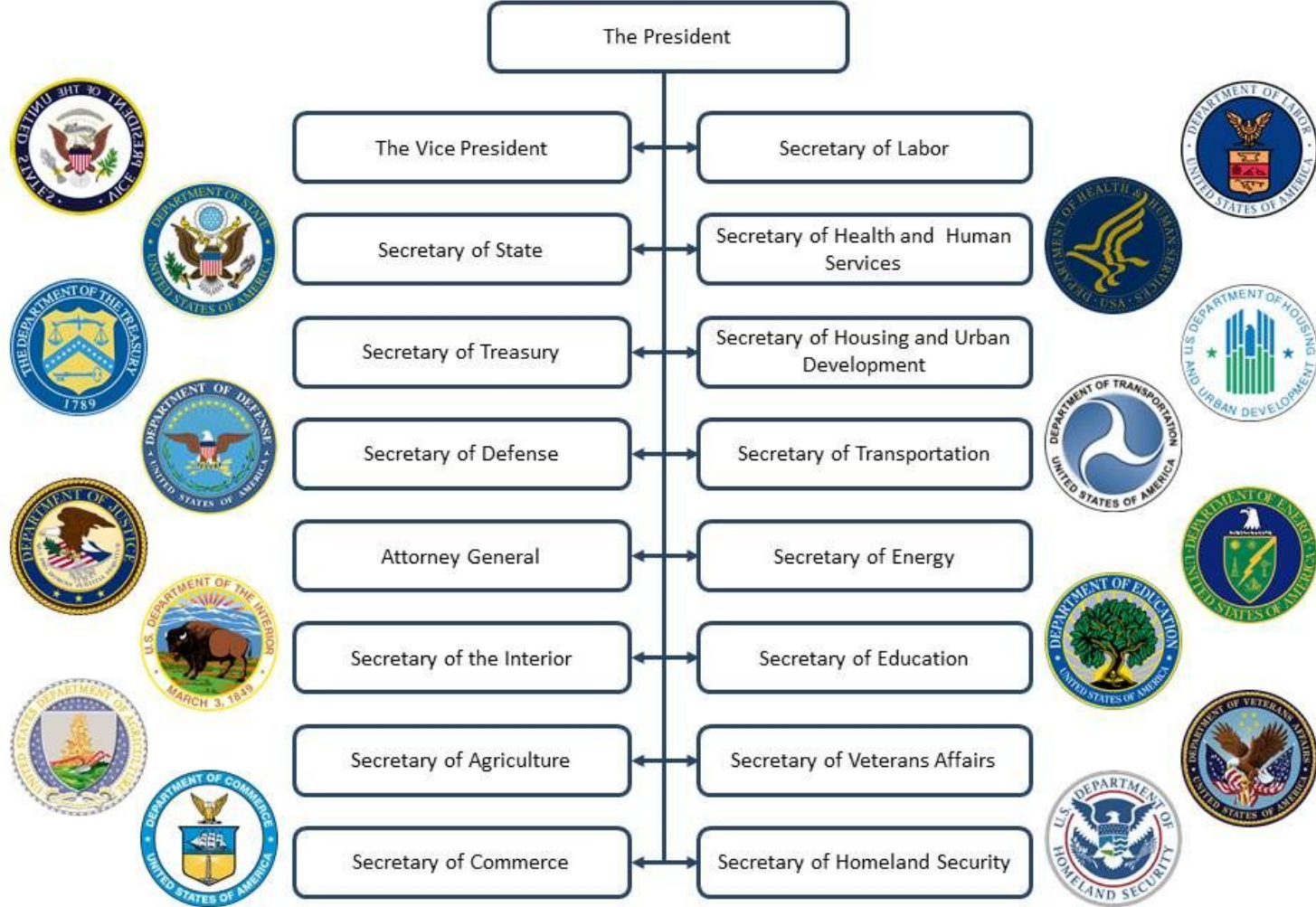


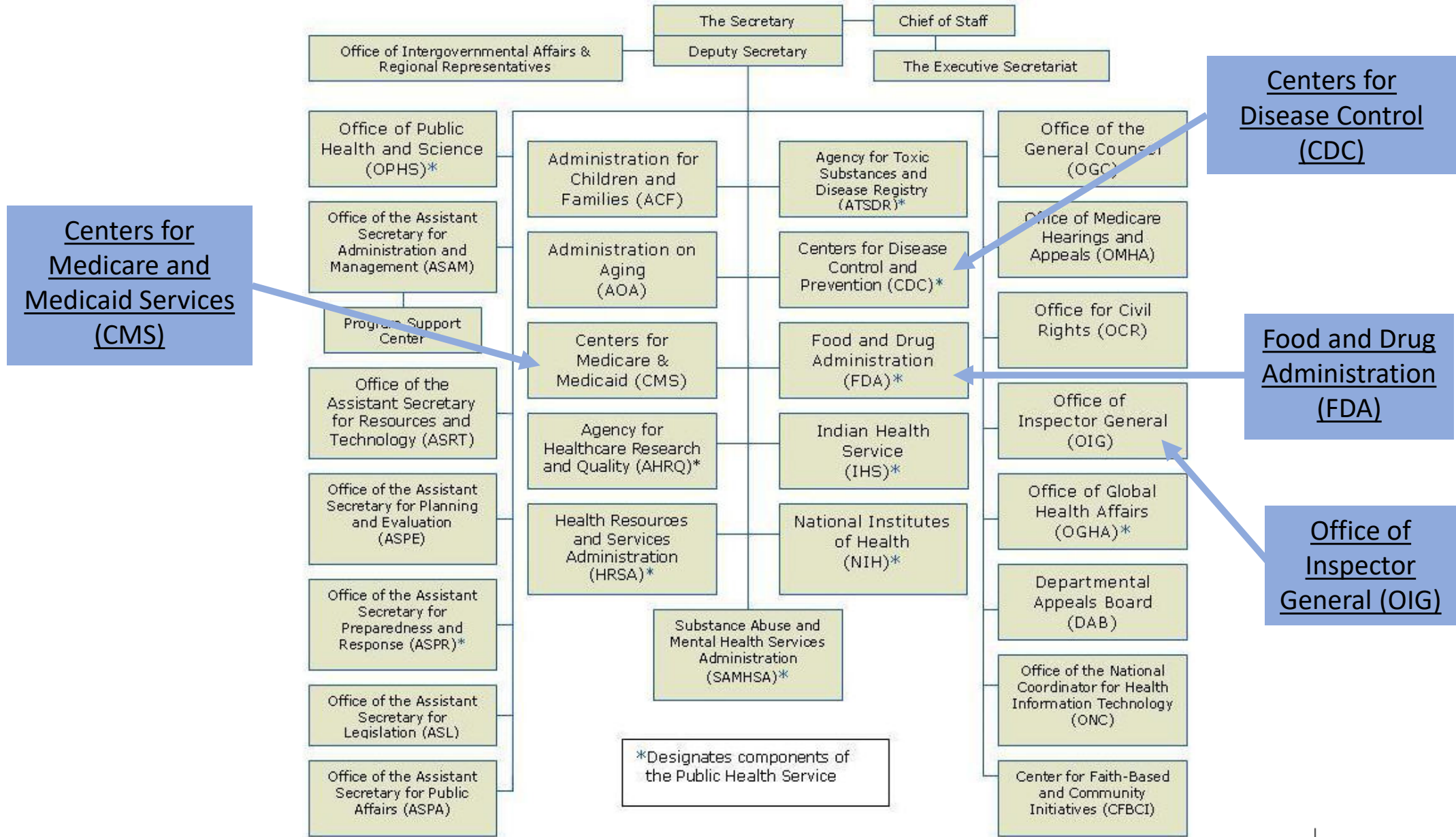
Two Major Industry Sectors

Public Sector	Private Sector
Focus of BYU-Idaho	Focus of BYU-Idaho
Major: Public Health	Major: Healthcare Administration



Executive Branch





Public Health Administration: State



Promote and protect the health and safety of all Idahoans.

- Medicaid
- Food Stamps
- Child Protection
- Disease Prevention

Each year, approximately 20% of Idahoans receive help from the Idaho Department of Health and Welfare.

Public Health Administration: County or Regional Health Services



Eastern Idaho
Public Health
Prevent. Promote. Protect.

Serving Bonneville, Clark, Custer, Fremont, Jefferson, Lemhi, Madison, and Teton Counties

MAIN OFFICE
1250 Hollipark Drive
Idaho Falls, ID 83401
(208) 522-0310

Private Healthcare

Private Sector

Private Healthcare

Private Sector

Providers

Patients

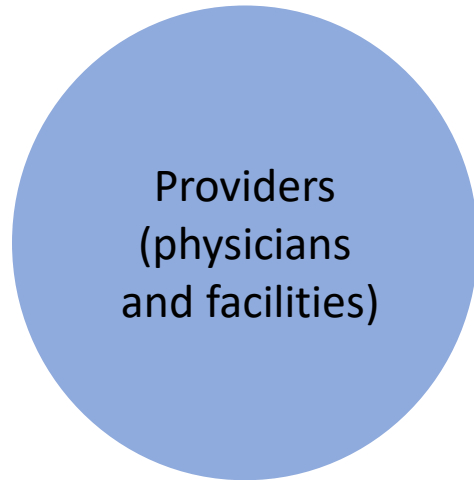
Payers

SUMMARY: Why the U.S. healthcare industry is so unique (and confusing)

“For the most part, the provision of healthcare services takes place in a unique way. First, often only a few providers of a particular service exist in a given area. Next, it is difficult, if not impossible, to judge the quality of competing services. Then, the decision about which services to purchase is usually not made by the consumer but by a physician or some other clinician. Also, full payment to the provider is not normally made by the user of the services but by a healthcare insurer. Finally, for most individuals, health insurance from third-party payers is totally paid for or heavily subsidized by employers or government agencies, so many patients are partially insulated from the costs of healthcare” (Gapenski, 2015).

Healthcare Industry Structure: 6 Types of Provider Organizations

Diagram #2



1. Hospitals

- Acute-Care: Diagnose, treat, cure and return the patient to his/her normal daily routine.
- Psychiatric: Adult, Adolescent, Pediatric
- “Specialty” Hospitals: Single-specialty or multi-specialty, e.g., cancer, cardiac, women’s, pediatrics, etc.

2. Long-term Care: Assist individuals with ADLs and in the management or treatment for conditions with no cure.

3. Ambulatory Surgery Centers (ASCs)

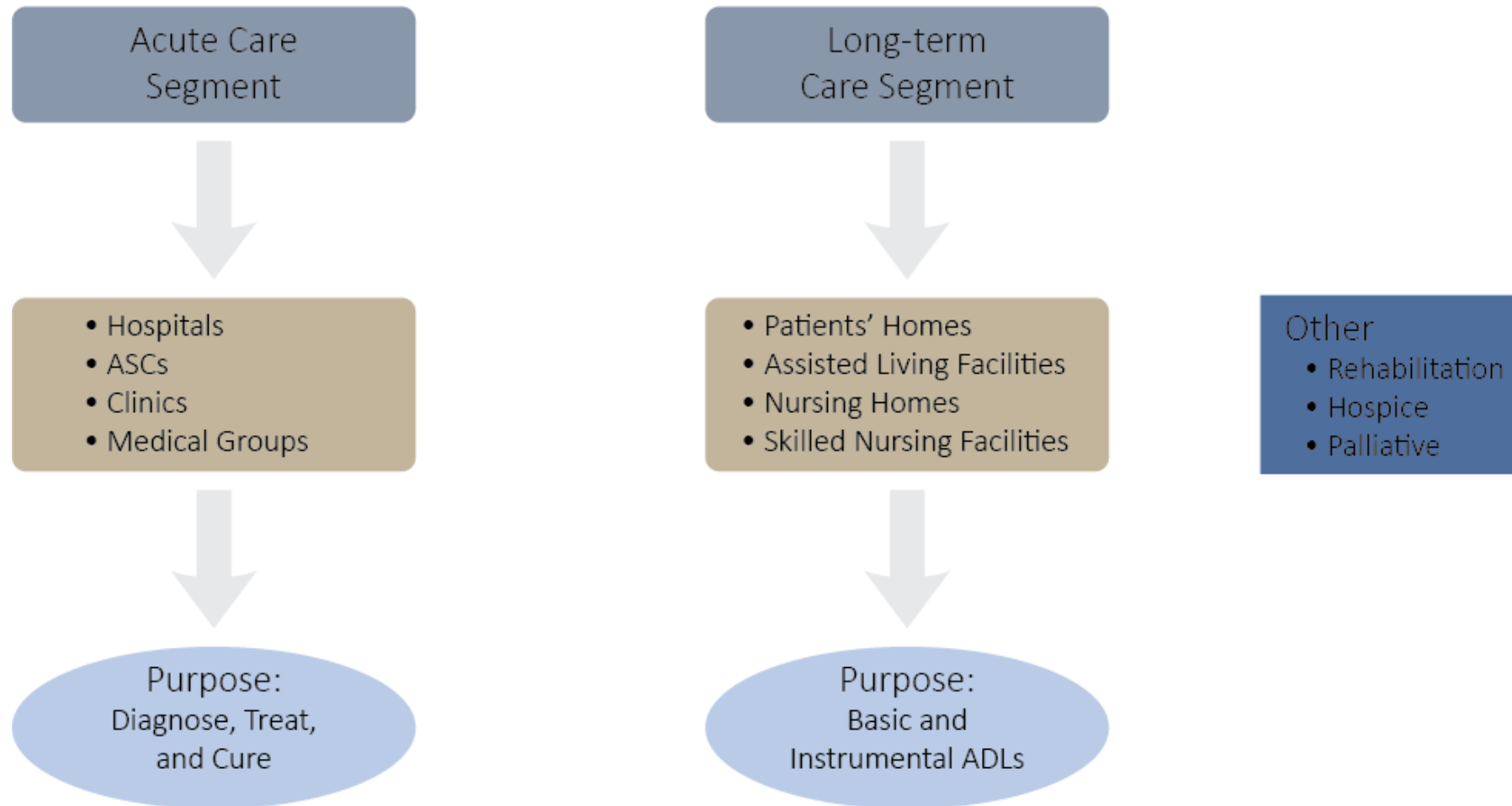
4. Clinics and/or Medical Group Practices

5. Inpatient and/or Outpatient Rehabilitation Facilities


6. Hospice & Palliative Care Organizations, Home Health Agencies

Healthcare Industry Structure: 2 Main Segments of Care

Diagram #3



Healthcare Industry Structure: Provider Organizations-Ownership Status

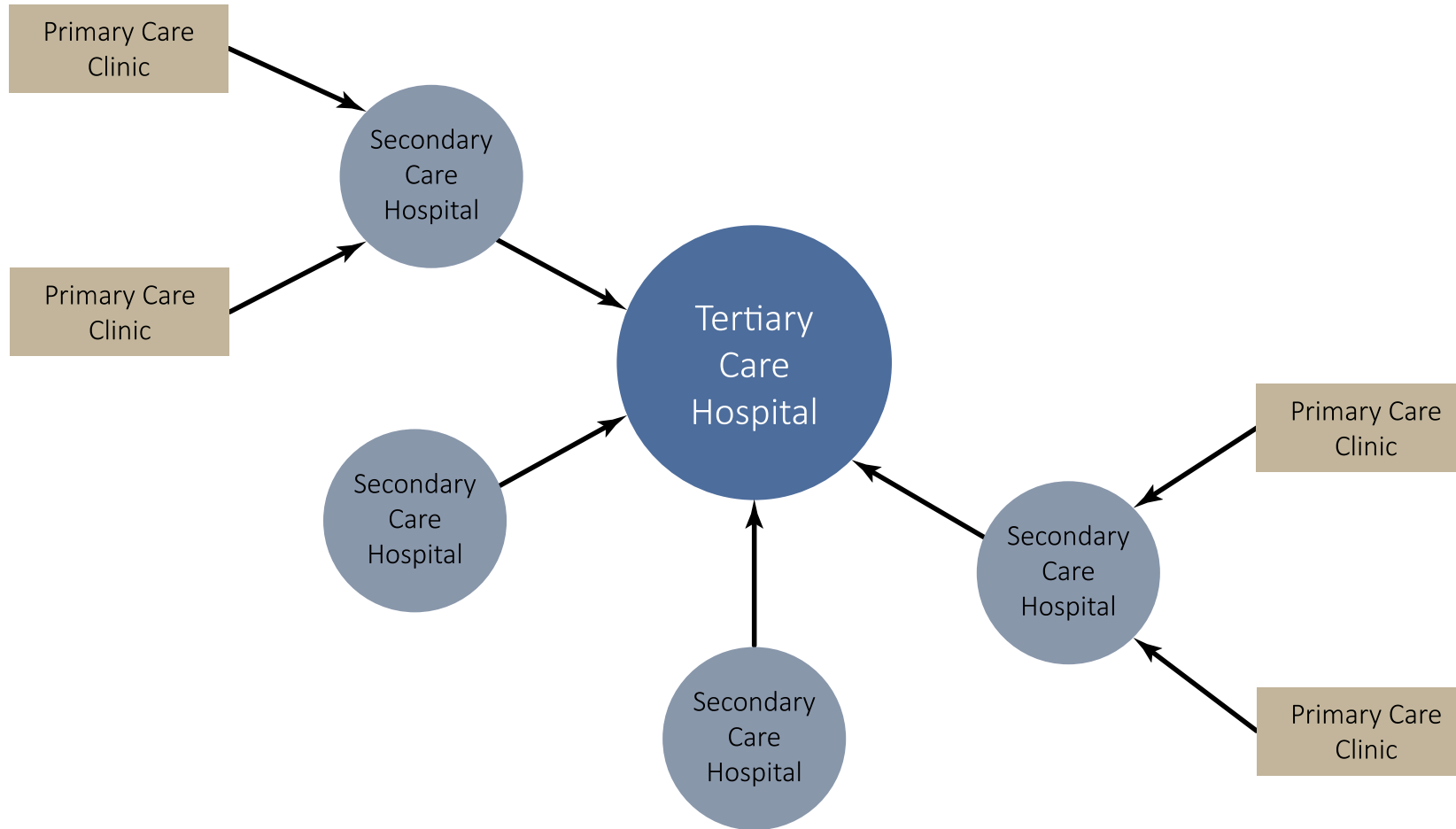


Providers
(physicians
and facilities)

1. Free-standing
2. Part of a multi-hospital system
3. Part of an integrated network
4. **Not-for-Profit:** Exempt from paying taxes (majority of acute care hospitals). Also known as *voluntary*.
5. **For-Profit:** Pay taxes and may pay dividends to shareholders (minority of acute care hospitals). Also known as *proprietary*.

Healthcare Industry Structure: Multi-Hospital System*

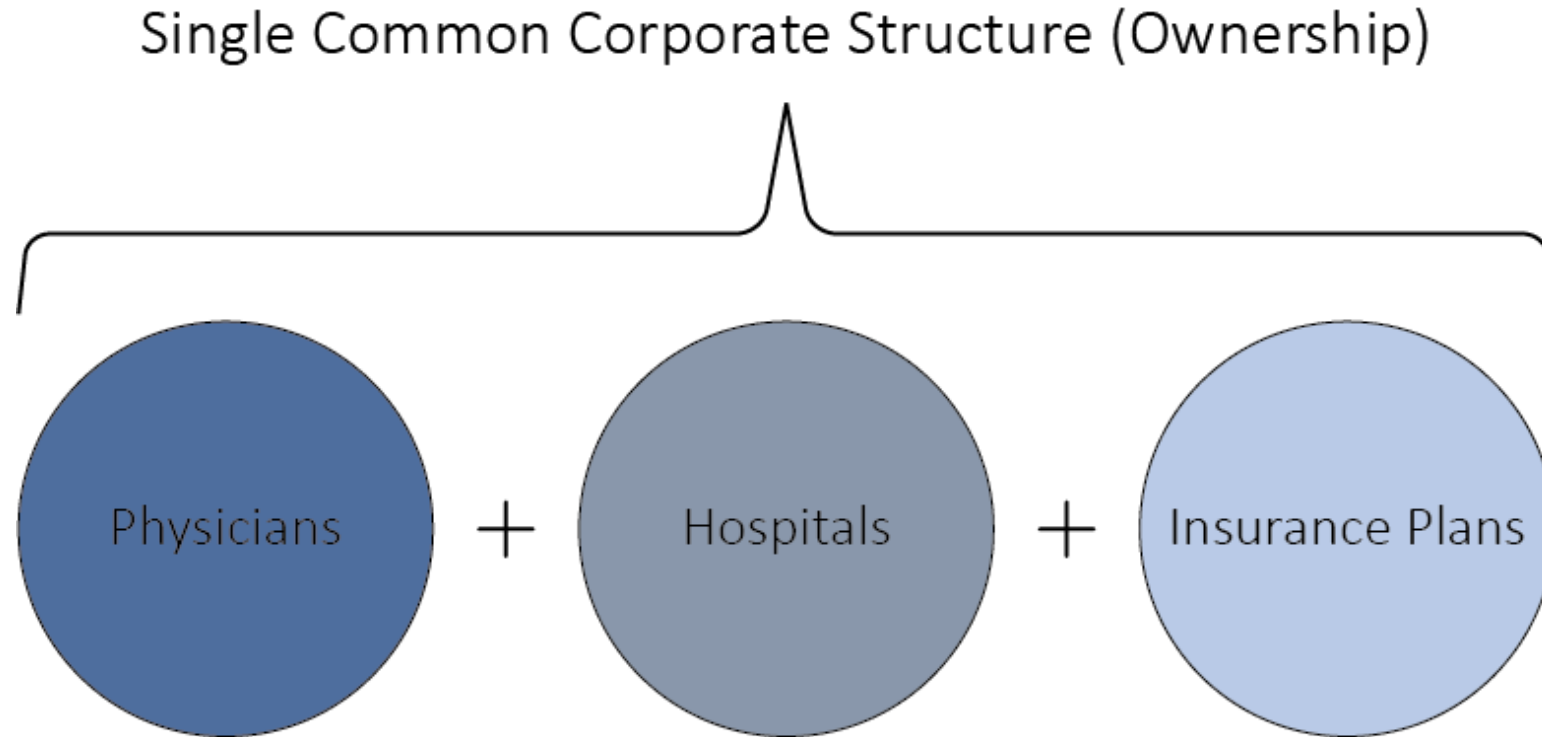
Diagram #4



* A multi-hospital system is two or more hospitals owned, leased, sponsored, or contract managed by a central organization.

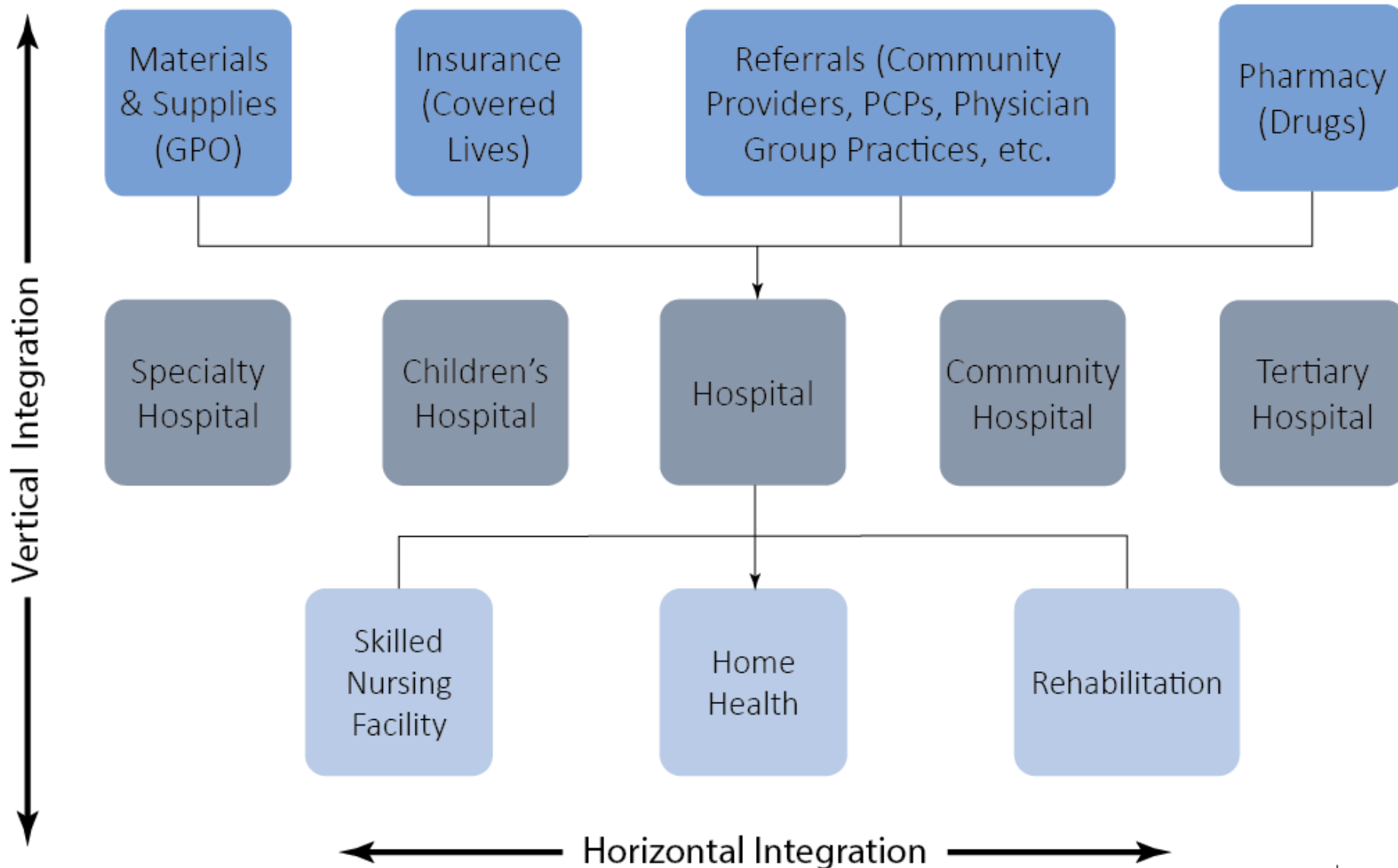
Healthcare Industry Structure: Integrated Healthcare Network

Diagram #5

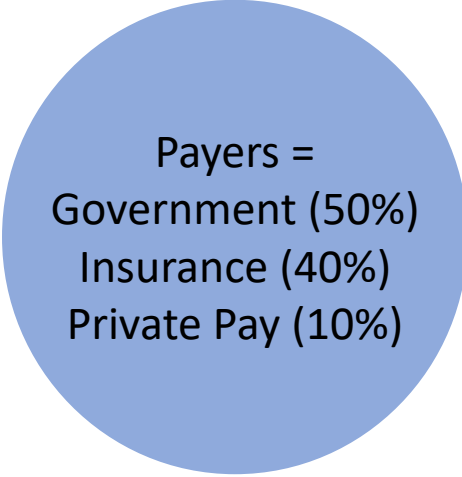


Definition: An **Integrated Healthcare Network** is a group of hospitals, physicians, other providers, insurers and/or community agencies that work together to coordinate and deliver services.

Reality: Vertical and Horizontal Integration



Healthcare Industry Structure: Payers



Payers =
Government (50%)
Insurance (40%)
Private Pay (10%)

- **Private/Self Pay:** Patients without insurance or a government program
- **Government:** CMS (Centers for Medicare & Medicaid Services)
 - Federal: Medicare (65 Years of age or disabled)
 - State/Federal: Medicaid (“Indigent” Care – living below poverty line)
- **Traditional Health Insurance and Managed Care Companies:** Aetna, Cigna, BlueCross, Kaiser Permanente, etc.

What does “Triage” mean?

To separate patients into three levels of acuity (seriousness of illness or injury)

- Primary
- Secondary
- Tertiary

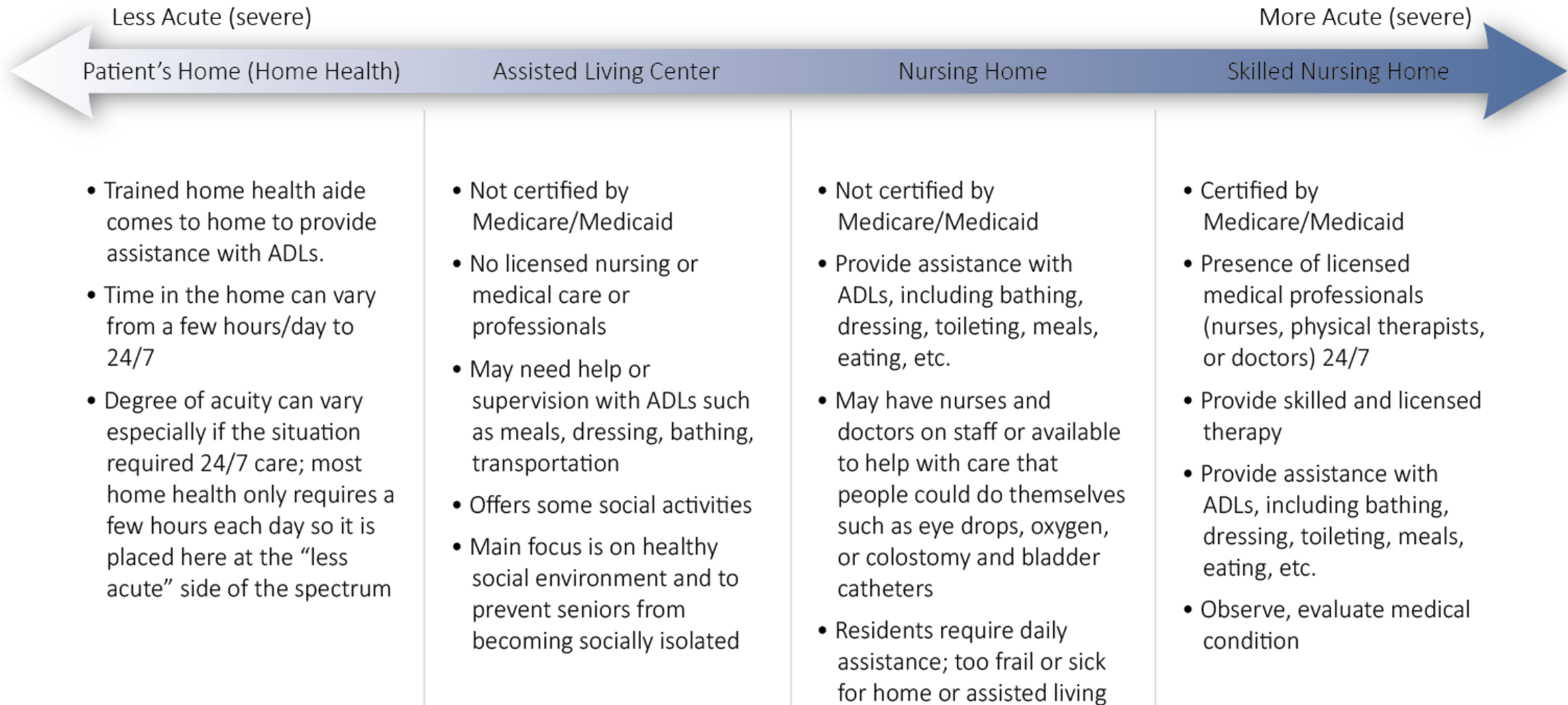
Levels of Acute Care

Tertiary	Shock/Trauma		Medical/Surgical		PICU	
	Thoracic	Surgical	Coronary		Neonatal-NICU	
	Special Care Units (ICUs) — Surgical or Medical					
Secondary	Special Care Units (ICUs) — Adult and/or Pediatric					
	Gastroenterology		Endocrinology	Rheumatology		Pulmonology
	Nephrology		Cardiology		Hematology/Onc.	Neurology
	Internal Medicine					
	Vascular			Neuro	Cardiac	Maxilo-facial
	Gyn	ENT	General	Orthopedic	Plastic	Ophthalmology
	Surgery					
Primary	Primary Care Physician ENT		Hospital Emergency Room		Obstetrician Pediatrician	

Quaternary Level of Care (the fourth level of care)

- **Quaternary Care** is a level of care above Tertiary that occurs mainly in **Academic (Teaching) Hospitals**
- Involves **procedures, drugs, or other treatment methods** that have not yet been approved for general use by the FDA
- Quaternary care requires the oversight of an **Institutional Review Board (IRB)**.
- Eventually, when a procedure or medication becomes FDA approved, it is then authorized to become part of normal Medical Staff Privileges in institutions throughout the healthcare industry.

Long-Term Care



Advocacy in the Healthcare Industry

“Advocacy”

- Latin: ad (“on behalf of”/”to”) + vocare “to speak”
- “To speak on behalf of,.. to represent the interests of....”
- Members with common professional objectives, organize to advance their collective interests, goals and/or causes
- Comes mainly in the form of Lobbying and Legislation

Advocacy in the Healthcare Industry



AMA



AHA



FAH



Professional Membership Organizations in the Healthcare Industry

Purpose: Enhance the Professional Careers of Members

- ACHE (American College of Healthcare Executives)
- HFMA (Healthcare Financial Management Association)
- AORN (Association of Operating Room Nurses)
- HIMSS (Healthcare Information and Management Systems Society)
- ANA (American Nursing Association)