

October 22/29, 2014, Vol 312, No. 16 >

< Previous Article

Full content is available to subscribers
Subscribe/Learn More

Next Article >

Original Investigation | October 22/29, 2014

Total Expenditures per Patient in Hospital-Owned and Physician-Owned Physician Organizations in California

James C. Robinson, PhD, MPH¹; Kelly Miller, BA²

[+] Author Affiliations

JAMA. 2014;312(16):1663-1669. doi:10.1001/jama.2014.14072.

Text Size: **A** A A

Article Tables References

ABSTRACT

ABSTRACT | METHODS | RESULTS | DISCUSSION | CONCLUSIONS | ARTICLE INFORMATION | REFERENCES

Importance Hospitals are rapidly acquiring medical groups and physician practices. This consolidation may foster cooperation and thereby reduce expenditures, but also may lead to higher expenditures through greater use of hospital-based ambulatory services and through greater hospital pricing leverage against health insurers.

Objective To determine whether total expenditures per patient were higher in physician organizations (integrated medical groups and independent practice associations) owned by local hospitals or multihospital systems compared with groups owned by participating physicians.

Design and Setting Data were obtained on total expenditures for the care provided to 4.5 million patients treated by integrated medical groups and independent practice associations in California between 2009 and 2012. The patients were covered by commercial health maintenance organization (HMO) insurance and the data did not include patients covered by commercial preferred provider organization (PPO) insurance, Medicare, or Medicaid.

Main Outcomes and Measures Total expenditures per patient annually, measured in terms of what insurers paid to the physician organizations for professional services, to hospitals for inpatient and outpatient procedures, to clinical laboratories for diagnostic tests, and to pharmaceutical manufacturers for drugs and biologics.

Exposures Annual expenditures per patient were compared after adjusting for patient illness burden, geographic input costs, and organizational characteristics.

Results Of the 158 organizations, 118 physician organizations (75%) were physician-owned and provided care for 3 065 551 patients, 19 organizations (12%) were owned by local hospitals and provided care for 728



Read the current issue for FREE

The JAMA Network Reader

Some tools below are only available to our subscribers or users with an online account.

- | | |
|-----------------|--------------|
| Print | PDF |
| Email | Get Citation |
| Get Permissions | Get Alerts |
| Submit a Letter | |

Altmetric 157

Sign in

- Sign in to your personal account
- Institutional sign in: [Athens](#) | [Shibboleth](#)

Create a free personal account to sign up for alerts, share articles, and more.

Purchase Options

- Buy this article
- Subscribe to the journal

Related Content

Customize your page view by dragging & repositioning the boxes below.

See Also...

Editorial

Who Benefits From Health System Change?

JAMA. 2014;312(16):1639-1641.

doi:10.1001/jama.2014.13491.

Original Investigation

Physician Practice Competition and Prices Paid by Private Insurers for Office Visits

JAMA. 2014;312(16):1653-1662.

doi:10.1001/jama.2014.10921.

Original Investigation

Association Between Hospital Conversions to For-Profit Status and Clinical and

608 patients, and 21 organizations (13%) were owned by multihospital systems and provided care for 693 254 patients. In 2012, physician-owned physician organizations had mean expenditures of \$3066 per patient (95% CI, \$2892 to \$3240), hospital-owned physician organizations had mean expenditures of \$4312 per patient (95% CI, \$3768 to \$4857), and physician organizations owned by multihospital systems had mean expenditures of \$4776 (95% CI, \$4349 to \$5202) per patient. After adjusting for patient severity and other factors over the period, local hospital–owned physician organizations incurred expenditures per patient 10.3% (95% CI, 1.7% to 19.7%) higher than did physician-owned organizations (adjusted difference, \$435 [95% CI, \$105 to \$766], $P = .02$). Organizations owned by multihospital systems incurred expenditures 19.8% (95% CI, 13.9% to 26.0%) higher (adjusted difference, \$704 [95% CI, \$512 to \$895], $P < .001$) than physician-owned organizations. The largest physician organizations incurred expenditures per patient 9.2% (95% CI, 3.8% to 15.0%, $P = .001$) higher than the smallest organizations (adjusted difference, \$130 [95% CI, \$–32 to \$292]).

Conclusions and Relevance From the perspective of the insurers and patients, between 2009 and 2012, hospital-owned physician organizations in California incurred higher expenditures for commercial HMO enrollees for professional, hospital, laboratory, pharmaceutical, and ancillary services than physician-owned organizations. Although organizational consolidation may increase some forms of care coordination, it may be associated with higher total expenditures.

Sign in

- [Sign in](#) to your personal account
- Institutional sign in: [Athens](#) | [Shibboleth](#)

[Create a free personal account](#) to sign up for alerts, share articles, and more.

Purchase Options

- [Buy](#) this article
- [Subscribe](#) to the journal

Economic Outcomes

JAMA. 2014;312(16):1644-1652.
doi:10.1001/jama.2014.13336.

Articles Related By Topic

[Filter By Topic >](#)

Hospital at Home Program Cuts Costs, Improves Patient Health and Satisfaction

JAMA. 2012;308(2):122.
doi:10.1001/jama.2012.7420.

Hospitals, Market Share, and Consolidation

JAMA. 2013;310(18):1964-1970.
doi:10.1001/jama.2013.281675.

[\[+\] View More](#)

Related Collections

[Health Policy/Health Economics](#)

PubMed Articles

Patient education financing under Medicare.
Patient Educ Couns 1986;8(3):299-309.

View More

Results provided by:



Jobs

Physician - Child Neurology

Confidential
Springfield, IL

Emergency Medicine Physician

PHYSICIAN AFFILIATE GROUP OF NEW YORK
Bronx, NY

More Listings at

[JAMACareerCenter.com >](#)

Advertisement

JAMA

CONTENT

The JAMA Network

SITES

INFORMATION FOR

Content Resources

AMA Manual of Style
Peer Review Congress

[Home](#)
[Current Issue](#)
[All Issues](#)
[Online First](#)
[Collections](#)
[CME](#)
[Multimedia](#)
[Quizzes](#)
[RSS](#)
[Podcasts](#)

SERVICES

[For Authors](#)
[For Reviewers](#)
[For Readers](#)
[About](#)
[Editors & Publishers](#)
[Subscribe](#)
[Contact Us](#)
[About Mobile](#)

[JAMA](#)
[JAMA Dermatology](#)
[JAMA Facial Plastic Surgery](#)
[JAMA Internal Medicine](#)
[JAMA Neurology](#)
[JAMA Oncology](#)
[JAMA Ophthalmology](#)
[JAMA Otolaryngology–Head & Neck Surgery](#)
[JAMA Pediatrics](#)
[JAMA Psychiatry](#)
[JAMA Surgery](#)
[Archives of Neurology & Psychiatry](#)
[JAMAevidence.com](#)

AMA PUBLISHING GROUP JOURNALS

[Virtual Mentor](#)

[Institutions/Librarians](#)
[Media](#)
[Advertisers](#)
[Subscription Agents](#)
[Employers & Job Seekers](#)

SERVICES

[Subscriptions & Renewals](#)
[Activate Subscription](#)
[Register for Free Features](#)
[Email Alerts](#)
[RSS](#)
[Reprints & Permissions](#)
[For Authors](#)
[About Mobile](#)
[Help](#)

[ICMJE](#)
[WAME](#)

Other Resources

[Physician Jobs](#)
[Medical Meetings](#)
[Conditions of Use](#)
[Privacy Policy](#)
[Copyright](#)
[Advertising Policies](#)

© 2014 American Medical Association. All Rights Reserved.

Powered by [Silverchair Information Systems](#)

brightcove.createExperiences();