

# HOSPITAL JOINT VENTURES AND JOINT OPERATING AGREEMENTS

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# JVS AND JOA'S OVERVIEW OF THE ISSUES

- ◆ Framework for analyzing joint ventures and joint operating agreements
- ◆ Potential business rationales and gains from ventures
  - Prevalence of ventures
- ◆ Potential competitive risks
- ◆ "Relief"

# JVS AND JOA'S FRAMEWORK FOR ANALYSIS

- ◆ Merger Guidelines
- ◆ Collaborator Guidelines
- ◆ Healthcare Policy Statements
- ◆ Relevance of other approaches
  - Competitive Rules Joint Ventures
  - Newspaper JOA, ATM ventures
  - Intellectual Property
  - Production Joint Ventures

## JVS AND JOA'S BUSINESS RATIONALES

- ◆ Capital equipment
- ◆ Tertiary services – volumes and qualities
- ◆ Systems
- ◆ Alternative to “full” merger
  - Morton Plant; religious issues
- ◆ Additional of incremental capacity to marketplace

# JVS AND JOA'S BUSINESS RATIONALES - GAINS

- ◆ Cost savings
- ◆ Increased volumes and quality
- ◆ Expansion of services to community
- ◆ Maintenance of services in community

# JVS AND JOA'S BUSINESS RATIONALES - IMPEDIMENTS

- ◆ Contractual arrangements
- ◆ Cost sharing
- ◆ Integration of staffs
- ◆ Integration of services

# JVS AND JOA'S COMPETITIVE RISKS

- ◆ Ventures among direct competitors
- ◆ Contracting
- ◆ Alternative approaches
- ◆ Integration of services

# JVS AND JOA'S BOTTOM LINE

- ◆ Apply standard framework
- ◆ Costs and benefits
- ◆ Relief
  - break up joint venture
  - Stop its formation
  - Change the operating rules