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## Healthcare Corporation of America

Hospital Corporation of America is a company involved in the management of hospitals. The company owns and manages a chain of hospitals. The company operates on a profit-basis. The Corporation has a leading position in inpatient and outpatient services in the United States. The leading position of the company has provided it opportunities to further strengthen its position in the market. The business strategy of Hospital Corporation of America is to provide high quality and cost-effective services to communities. At the same time, the corporation also aims to increase their profitability and to create long-term value for shareholders. The operating strategy of the corporation is to develop and maintain its position as a comprehensive and market centered company (Ginter, Swayne & Duncan, 2002). The agenda of the company to achieve this objective consists of following objectives:
- The first objective is to grow the corporation in the current markets and communities
- The second objective is to attain leading performance in the industry in terms of clinical and satisfaction measures
- The third objective is to recruit and employ physicians to meet the needs for high quality health services (Ginter, Swayne & Duncan, 2002).
- The fourth objective is to leverage the scale of the corporation and to leverage the market position to enhance profitability
- The fifth objective is to pursue disciplined and organized strategies
The growth strategy of the company is to construct physical engagement. The components of the growth strategy of the company include sales, recruitment, employment, and an increase in access points’ for instance surgery, imaging, oncology, and others. The growth strategy of Hospital Corporation of America is also to expand outpatient and imaging services in the country. In order to stay competitive in the market, the corporation is required to acquire hospitals (Hospital Corporation of America, 2002). This strategy will allow the company to expand its services by entering different markets located in different geographic areas. Healthcare Corporation of America (HCA) operates as a product development and marketing company that has developed a new business model that would reduce and control pharmacy costs for non-profit organizations (Ginter, Swayne & Duncan, 2002). According to Ginter, Swayne & Duncan (2002), the company, through its subsidiary, Prescription Corporation of America, plans to dispense Unit Dose (packaging of medications by Bingo Punch Cards, Unit Dose Boxes, or PAC Med Pouches) and Vial Base (packaging of medications into patient specific containers). HCA focuses on the non-profit market sector, which includes educational institutions, such as universities, colleges, and school districts; charitable organizations; hospitals; and non-profit long term care facilities (45-113).

## Internal and External Assessment of HCA

In order to carry out the strategic analysis of a company, it is important to carry out internal and external assessment (Ginter, Swayne & Duncan, 2002). This section will, therefore, analyze the internal and external strengths and weaknesses of the organization. The business strategy of Hospital Corporation of America has allowed it to own and manage hospitals in different areas. The hospitals of the corporation are located in profitable large urban areas that have resulted in growth in the inpatient revenues of the corporation. The portfolio of the corporation is robust which allows it to achieve a competitive advantage in the market. These points suggest that the corporation is managing its operations in an effective manner which has allowed it to attain a sustainable competitive advantage. However, in order to achieve growth, the company is required to focus on its operating results.
The utilization of inpatient rooms is low that affects the operating results. The level of debt of Hospital Corporation of America is high that could limit the growth of the company. The company can achieve efficiency and effectiveness by expanding its network of hospitals in areas where the population growth is high. This would allow the company to drive growth. The health reform could allow the company to increase the rate of payback for uninsured patients. The demand for hospital services is high among aging population. The corporation is facing increased competition from local and regional operations. This competition could affect the operations of the business negatively. Similarly, the increase in uninsured patients’ accounts is likely to affect the profit (Ginter, Swayne & Duncan, 2002).
Healthcare Corporation of America operates in the healthcare market. There are different interrelated factors in the external environment that affect Healthcare Corporation of America. These factors include an increase in the cost of healthcare, an increase in the number of uninsured patients and the changes taking place in the demographics of America. The introduction of managed care has helped in controlling health cost. The cost of managed healthcare is influencing healthcare premiums. In the past, healthcare organizations have overlooked their competitors (Ginter, Swayne & Duncan, 2002).
There are three primary competitors of HCA. These include Tenet Healthcare Corporation, Health Management Associated, and Universal Health Services. These competitors utilize different strategies. Tenet utilizes expansion strategy and offers a gamut of services. UHS offers comparable services and also relies on expansion strategy for its growth. The third competitor of HCA is HMA that enjoys double profit margins (Ginter, Swayne & Duncan, 2002).

## Assessment of Services Offered by the Corporation

The healthcare facilities and services offered by Hospital Corporation of America include diagnostic and imaging centers, ambulatory centers, and oncology therapy centers. Hospital Corporation of America operates in as many as twenty states of America. Furthermore, it also operated in England and London. Following is a review of some of the services and programs offered and managed by Hospital Corporation of America (Ginter, Swayne & Duncan, 2002).

## Stakeholder Analysis

American Healthcare Corporation is the largest hospital in the United States. HCA has several stakeholders with various interest levels. The stakeholders of HCA can be categorized into three groups including internal, interface, and external. The primary internal stakeholders of HCA are its employees. There have been several improvements in the satisfaction level of HCA’s employees. Furthermore, the corporation has also observed a decline in the rate of turnover. The United States Army and the United States Department of Labor are also associated with the success of HCA. It is because HCA invests in the Army Pay Programs and different scholarship programs in order to deal with the shortage of trained medical professionals. The other stakeholders of HCA include MEdCap, LifePoint, and TRIAD hospitals. The external stakeholders of HCA include patients, stockholders, government, and other agencies.

## Medicare

Medicare is a federal program that offers insurance benefits to hospitals. The medical insurance is provided to people who are above sixty-five years and over. Furthermore, the insurance is also offered to disabled people. The Medicare program of Hospital Corporation of America includes inpatient acute care, rehabilitation, psychiatric services, and others.

## Managed Medicare

Managed care plans are those in which private companies contract with Medicare and Medicaid services to provide Part A, Part B, and Part D benefits.

## Managed Medicaid

The managed Medicaid programs allow states to contract with different entities for the purpose of enrollment of patients’ claims and care. The states, where Hospital Corporation of America operates, demand a reduction in premium payments. This is because of economic downturns taking place in the country (World Health Organization).

## Uninsured and Self-Pay Patients

A number of uninsured patients have been admitted to the emergency rooms of Hospital Corporation of America. In the year 2010, there were 82% admissions of uninsured patients in the emergency rooms of Hospital Corporation of America. The increase in the number of uninsured patients increases the likelihood for doubtful accounts. Hospital Corporation of America has taken important steps in order to reduce the increase of doubtful accounts. Hospital Corporation of America has considered the screening of all patients including those who are uninsured in order to reduce doubtful accounts and determine appropriate care settings (World Health Organization). Hospital Corporation of America is also considering the option of increasing up-front collections from patients. The Corporation provides discounts to uninsured patients (Plunkett, 2002).

## Financial Analysis of HCA

The hospital industry is faced with the challenge of volume of customers and patients. Furthermore, hospitals also face challenges associated with regulations that determine the profitability of different transactions. The sources of revenue for hospitals include inpatient occupancy levels, medical charge, ancillary charged, and others. The rates of these charges and reimbursement depend on the contract of the service order. The rates also depend on the geographic area of the country (Plunkett, 2002).
Inpatient occupancy levels fluctuate for different reasons and it is not possible to control all of these reasons. Hospital Corporation of America is a company that is highly leveraged. Therefore, the factors such as interest rates for leverage funds and others can increase the risk for the corporation. The pillars of Hospital Corporation of America include its operational and cash flow strengths. However, the global fluctuations of the United States currency and the participation of Hospital Corporation of America in currency exchange are likely to increase the risk for the corporation. If these financial conditions get worse, the corporation could lose its ability to fund the debt (Hospital Corporation of America, 2002).
The current debt agreements of HCS have been written with restriction to asset-based and capital outlay credit. These factors have resulted in limiting the flexibility of HCA to engage in markets. IN the cases where the violations of these restrictions take place, the deposits are transferred into secure accounts. The secured accounts then administer funds to the pre-paid (Plunkett, 2002). The primary sources of income for HCA include Federal, State, and Private contracts. The growth of uninsured population and their inability to pay for services has a significant impact on the stability and profitability. These accounts are considered to be doubtful with respect to the probability for complete repayment (Plunkett, 2002).
The changes in the healthcare reform and the inability to fully predict the effects of changes in revenue can reduce the revenues of Hospital Corporation of America. The failure to comply with new regulations could result in heavy fines and penalties. The recent electronic healthcare record has placed additional time and human resource restraints. The restrictions imposed by the state government can result in the expansion of healthcare facilities (Hospital Corporation of America, 2002).
Although Healthcare Corporation of America has become leveraged, the corporation has utilized its funding effectively. Since its inception, American Healthcare Corporation has grown significantly. The profits of the company have also grown despite financial challenges. The company has positioned itself by its sheer market size. With its sheer market size, the corporation has aggressively sought patients who did not have access to healthcare. The strategy of Health Corporation of America has indicated the willingness of the company to become leverage in the preparation for the increase in the volume of patients (Hospital Corporation of America, 2002).

## Strategies of HCA

Strategies can be defined as courses of action for an organization. The strategies of HCA include expansion and maintenance of its scope. HCA has also adopted integration and diversification strategies in order to develop its integrated healthcare network. The aim of HCA is to guide patients to its services. In order to achieve this aim, HCA has utilized the strategy of backward vertical integration. The company has adopted this strategy by providing diverse services and establishing a comprehensive healthcare network. The acquisition of new services and the expansion of emergency services have facilitated the growth of the network of HCA (Healthypeople, 2010). HCA also utilizes diversification strategy by offering new but similar products. An example of the diversification strategy is the decision of HCA to support disaster medical teams. This decision has strengthened the position of HCA in the market (Hospital Corporation of America, 2002).

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