

The consolidation of hospitals and the development of networks has lagged behind the Pittsburgh region. The following numbers show the counties in relation to the state average number of beds per 100,000 population (the state beds/100,000 is 431):

<u>County</u>	<u>No. Beds</u>	<u>Beds/100,000</u>
Cameron	0	No Hospital
Clarion	96	230
Clearfield	347	444
Crawford	419	484
Elk	285	813
Erie	1,417	510
Forest	0	No Hospital
Jefferson	142	306
McKean	279	591
Mercer	653	537
Potter	135	800
Venango	357	598

As with most acute care institutions, there is an effort to gain the loyalty of the medical staff. This effort takes several forms. One is the asset purchase and the employment of the practice and the physician. This, of course, requires a significant capital outlay, the expertise in physician practice management, and strategic network development. There is no guarantee that this will create leverage with payors in the future. Not incidentally, payors are also purchasing practices and employing physicians.

The second method of creating loyalty with the medical staff is the creation of a management of medical services organization (MSO). The MSO provides a turnkey practice management system to the physicians, or services the physician lacks. These are usually purchased by the physician at competitive rates. The advantage for the physician is the responsibility for the business of medicine falls to a professional.

The trends for NWPA are very similar to SWPA. There will be closer relationships among acute care, long term care, and home care providers. Opportunities will exist in providing services on an outpatient basis, particularly in the community, not in the hospital. The aging statewide population will provide an opportunity for acute care hospitals to convert a portion of their beds to nursing home beds.