



State of academic medical centers in 2022



Introduction

Academic medical centers (AMCs) are the heart of the U.S. healthcare system. They handle the most complex care in their communities, conduct cutting-edge research and educate medical professionals. AMC executives are constantly adapting to today's challenges with revenue streams, liquidity pressure and investing in future growth.

Contents

Overview

Mid-Atlantic

Midwest

Northeast

South

West

Overview

Mid-Atlantic

Midwest

Northeast

South

West

Labor looms as main challenge

The Association of American Medical Colleges estimates the U.S. will have a shortage of between 37,800 and 124,000 physicians in 2034. The demand for care is only increasing as the nation's population ages. That population includes doctors: More than 40% of active doctors will reach retirement age in the next decade. AMCs play an outsized role in training new professionals to solve the labor shortage, while also facing financial pressure.

On one side, increased labor costs gnaw at AMCs' bottom lines. From another, AMCs' revenues from higher-margin, lower-acuity care are eroding as new businesses capture that segment of the market. This leaves AMCs to care for the sickest and costliest patients, with prices often set by Medicare or Medicaid. As large, organizationally complex operations, AMCs are often ill-equipped to rapidly change strategies.

Our approach

J.P. Morgan's deep experience in [healthcare](#) can help AMCs minimize operating costs to make the most of their revenue. [InstaMed](#)—which works with Epic EMR systems in use at most U.S. AMCs—can capture patient payments. Additionally, our team of bankers can help guide AMCs' to bring [startups](#) to market and capitalize on their medical and scientific breakthroughs.

Overview

Mid-Atlantic

Midwest

Northeast

South

West

Health systems spreading outward

AMCs are anchors in their communities. In recent decades, the stand-alone teaching hospital on a single campus has transformed into metrowide or even statewide networks of partnerships with community hospitals and medical office complexes, expanding the complexity of these organizations. By expanding, AMCs aim to provide primary- and secondary-level care closer to patients' homes, ideally at a lower cost than the flagship facility. That carries implications for medicine and systems operations.

It can be challenging for patients to navigate health systems as they grow. Patients may be uncertain of where they should go within the system to receive the appropriate type of care at the lowest price. And they're often frustrated by the interaction with the care providers after their visit. Meanwhile, system mergers and expansions are an intersection between healthcare, academic, business, technology and real estate strategies that can seem at odds with each other.

Our approach

We're there to complement your patient experience efforts. Our [InstaMed](#) product helps make explanations of benefits (EOBs) and bills easier to send, simpler to understand and faster to collect through digital payment methods. Our [Healthcare and Higher Education Treasury Consulting](#) team brings their years of industry experience to help healthcare systems streamline duplicate bank accounts and lockboxes to gain speed and transparency.

Overview

Mid-Atlantic

Midwest

Northeast

South

West

Thinking even bigger

The relationship between an AMC and its academic institution is unique. However, leaders in both healthcare and higher education are looking for ways to make their own organizations fairer and more conscious of their broader role in the community.

How we can help

J.P. Morgan's dedicated Not-for-Profit Healthcare Banking team works alongside some of the most respected and successful AMCs in the country, so we understand the trends affecting AMCs and the broader healthcare sector. And we've got the tools and expertise to help health systems thrive and, in turn, create healthier communities.

Our approach

J.P. Morgan's dedicated Not-for-Profit team works alongside some of the most respected and successful AMCs in the country, so we understand the trends affecting AMCs and the broader healthcare sector. [Kerry Jessani](#) leads our Healthcare, Higher Education and Non-Profit (HHN) Banking team with [Mark Pierzecki](#) providing AMC expertise. Drawing on their tools and knowledge, they can help your health system and community thrive.



Contents

Overview

Mid-Atlantic

Midwest

Northeast

South

West

Mid-Atlantic

Overview

Mid-Atlantic

Midwest

Northeast

South

West

A grander purpose

When AMCs are competing for talent, some health systems and their universities are standing out by expanding the hospital system's mission to encourage healthy, equitable communities more broadly. They use their prominent platforms to address sustainability, affordable housing, financial literacy and supplier diversity.

"You're a major employer, and you have a sense of responsibility around who you're doing business with. Do you have women-owned companies? Do you have diverse suppliers? We've facilitated introductions with professionals who focus on the best practices in what a procurement office that focuses on supplier diversity looks like."

Kyle Williams

Managing Director, Mid-Atlantic
Healthcare, Higher Education and Nonprofit

As margins get squeezed, J.P. Morgan's deep experience in healthcare and our merchant processing tools like InstaMed can help AMCs minimize operating costs to make the most of their revenue. Hospitals are finding value in optimizing how they:

- Collect premium payments
- Manage accounts receivable
- Consolidate systems and accounts after mergers



Contents

Overview

Mid-Atlantic

Midwest

Northeast

South

West

Midwest

Overview

Mid-Atlantic

Midwest

Northeast

South

West

Hub-and-spoke models thrive

Today, AMCs' footprints cover metro areas—even entire states—by partnering or merging with other hospitals and medical facilities in cities and suburbs. The “hub and spoke” networks create referrals downstream. But they also deliver more cost-effective care closer to patients' homes.

The growing footprint lends itself to fee-for-value care. The systems preserve more of their razor-thin margins through easier access to primary care, early intervention in health issues and preventative treatments.

*“It's key to capture those payments
more efficiently, moving cash and paper
out of the system and getting to digital
in every way possible.”*

Tim Ruby

Managing Director, Midwest
Healthcare, Higher Education and Nonprofit



Contents

Overview

Mid-Atlantic

Midwest

Northeast

South

West

Northeast

Overview

Mid-Atlantic

Midwest

Northeast

South

West

Payer mix is deteriorating

The patient population relying on government health plans is growing at the same time that privately insured patients are gravitating toward newer entrants to the healthcare market. Organizations in the region are tapping into new revenues and maintaining margins by:

- Developing in-house pharmacy operations to gain better pricing on specialty drugs
- Using tech-transfer offices to convert cutting-edge research into lucrative licenses or startups
- Expanding enrollment and teaching capacity in physician and nursing programs

*“There’s a real feeling right now among
AMCs that now is a good time to assess
their investments.”*

Melissa Bastan

Managing Director, Northeast
Healthcare, Higher Education and Nonprofit



Contents

Overview

Mid-Atlantic

Midwest

Northeast

South

West

South

Wringing every dollar

Across the healthcare landscape, AMCs tend to draw more patients that are reliant on government health plans and fewer with private insurance. And like all healthcare providers, labor costs have soared as more systems are vying for a limited pool of doctors, nurses and other professionals.

Organizations in the region are tapping into new revenues and maintaining margins:

- Developing in-house pharmacy operations to gain better pricing on specialty drugs.
- Using tech-transfer offices to convert cutting-edge research into lucrative licenses or startups.
- Expanding enrollment and teaching capacity in physician and nursing programs.

“Building modern academic health systems comes down to keeping people out of the expensive hospital setting. AMCs generally cannot compete at the urgent-care level—their cost base is relatively high. They excel, in part, because of their efficiency and expertise with the most complex cases, which may not be as effectively managed elsewhere.”

Adam Rudner

Managing Director, Greater South
Healthcare, Higher Education and Nonprofit

Contents

Overview

Mid-Atlantic

Midwest

Northeast

South

West



Contents

Overview

Mid-Atlantic

Midwest

Northeast

South

West

West

Cybersecurity is top of mind

AMCs preside over an enormous and ever-growing amount of sensitive patient medical and financial data. An outage could have devastating effects, and cybercriminals are counting on that to victimize organizations with the means and motivation to pay ransoms.

After a few high-profile attacks on universities and hospitals, AMCs are bolstering their efforts to prevent fraud and cyberattacks that could jeopardize patient and employer records, facilities and reputations.

Our team can help AMCs assess their current practices, implement stronger controls and incorporate cybersecurity into existing disaster-recovery plans.

“We provide resources to our clients and help them think about how they navigate security in the future.”

Dan Smith

Managing Director, West
Healthcare, Higher Education and Nonprofit

Contents

Overview

Mid-Atlantic

Midwest

Northeast

South

West



© 2022 JP Morgan Chase & Co. All rights reserved. JPMorgan Chase Bank, N.A. Member FDIC.
Visit jpmorgan.com/cb-disclaimer for full disclosures and disclaimers related to this content. 1262682

