

# TRG Healthcare Coins New Industry Term: *Strategic Regional Organizations (“SROs”)*

## What are Strategic Regional Organizations (SROs)?

Market and economic factors demand hospitals and health systems and their associated physicians align with others to create a large enough platform to operate under population health and achieve economic benefits. A growing number are opting to become part of **Strategic Regional Organizations (“SROs”)**, a term coined by TRG Healthcare to describe the variety of provider and provider/payer networks in healthcare today.

## What Do All SROs Have In Common?

While SROs can come in a variety of forms, examination of the market reveals all SROs meet three criteria:

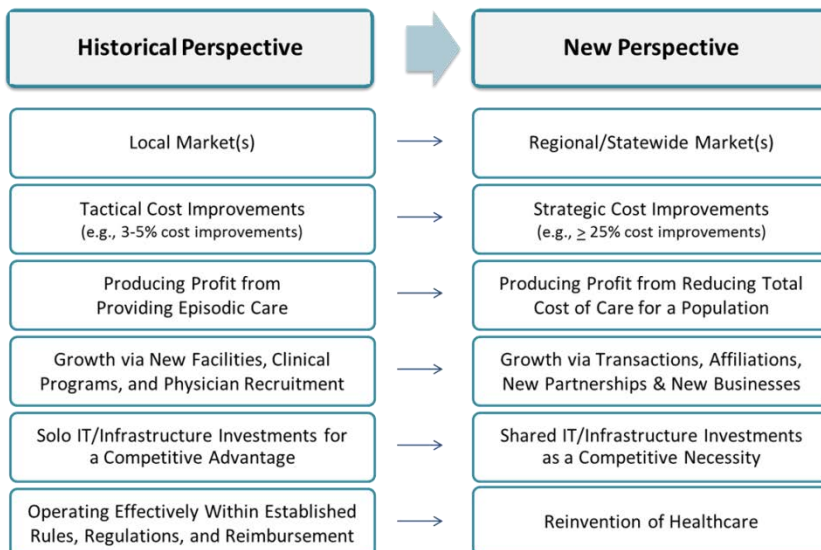
- ➔ **STRATEGIC:** Initiatives by a single organization *or* two or more significant healthcare organizations looking to achieve economies of scale at least equal to their competitors and build the infrastructure and capabilities necessary to take part in population health initiatives.
- ➔ **REGIONAL:** Comprised of healthcare organization(s) situated across broad, contiguous geographies, including many that are embracing the unique historical opportunity that exists today to organize geographies and populations to redefine the markets in which they compete.
- ➔ **ORGANIZATION:** Formal structures which can take many different forms depending on the goals of the party or parties involved. These structures do not need to compromise the parties’ overall independence but do require some form of interdependence.

Most SROs emerging in today’s market are the product of alternative, non-merger alignment structures that allow organizations to advance their common interests and create the essential ingredients to accept and manage risk while sustaining their overall organizational autonomy.

## Why Create the New Term “SRO”?

The trends we observe suggest SROs are growing in popularity and will significantly influence how we will operate in healthcare, fundamentally altering the framework in which we compete. The size and geography they represent is changing the way we think about competition and the nature of the choices provider organizations now face (*see Figure 1.0*). TRG Healthcare sees great value in establishing a new term that is widely understood in the industry, has translatable public value, and allows us to speak more commonly about this rising breed of competitors in healthcare today.

**Figure 1.0: Rise in SROs is Reshaping Provider Strategy**



*TRG Healthcare is a leader in SRO development and formulating high-value SRO strategies. We were the primary advisors to the creation of the University of Iowa Health Alliance, a first generation SRO formed in 2012, and we are currently developing and supporting various other SROs in markets nationwide.*

To learn more, please visit us online at [www.trghealthcare.com](http://www.trghealthcare.com) or call 267-256-0726.