1. **Competition**

As with any other business, the level of competition in the market area will generally have a

material impact on a hospital’s value. In recent years, hospitals have faced competition from not only other hospitals, but also other facilities such as ambulatory surgery centers (ASCs).

Because ASCs only provide day surgery services, they are much smaller than general hospitals and offer a much broader range of medical services. Plus, they are able to operate with a smaller staff and lower overhead levels. Due to their focus on select types of surgeries, ASCs typically offer the following benefits over hospitals:

* Patients are less at risk of being bumped or losing their scheduled surgery to more

critical cases, as may often occur in a hospital setting;

* Because of their lower operating cost structure and efficient operating environment, managed care companies and insurance companies look favorably on ASCs and can

often negotiate lower payments with ASCs for these medical services;

* Physicians are able to schedule their surgery cases in advance with less risk of

being bumped;

* The nursing staff is familiar and well-trained in supporting the surgeries performed in the ASC; and
* Because of their focus on day surgeries, ASCs can draw less urgent cases from the hospitals, allowing hospitals to treat the more serious and traumatic cases.

1. **Contracting Strength**

A hospital’s ability to negotiate and secure favorable reimbursement contracts with third-party