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The Designation Economy

What hospital designations cost, earn, and risk — built entirely from public sources: peer-reviewed studies, published fee schedules, federal purchase orders, and CMS records. Adversarially verified. Dated dollars disclosed. Negative findings kept.

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Every claim in this paper is traceable to a named public source.
Updated 2026-07-09 · info@nightingaleos.com

How to read the confidence labels. [3-0] / [2-1] — the claim survived three-vote adversarial verification (independent researchers attempted to refute it; the votes are shown). [SV-HIGH/MED/LOW] — single-pass verification with stated confidence. Where a figure is a modeled product of public inputs rather than a directly published number, it says modeled.

1 The designation-portfolio TAM

DESIGNATION	COUNT	PROVENANCE
Stroke centers (any designation)	~2,446 of 5,533 US EDs (44%)	[2-1] PMC8886184 (2022)
— by certifier	TJC 1,371 · state gov 1,427 · DNV 191 · HFAP 60 (counts include dual-certified centers, so they exceed the deduplicated total)	[3-0] same
Commission on Cancer programs	~1,400	[3-0] facs.org
Baby-Friendly birthing facilities	600+ · >28% of US births	[SV-MED-HIGH] babyfriendlyusa.org
Trauma centers (all levels)	~2,302 — L I 253 · II 314 · III 493 · IV 923 · V 111; 208 pediatric	[SV-MED-HIGH] Definitive Healthcare, Dec 2025
— ACS-verified subset	~578 (last published aggregate, 2022)	[SV-MED, dated] JAMA 2794579

The structural finding [3-0]: stroke certification alone is split across four certifying bodies, with state governments certifying more centers than the Joint Commission — and ACS verification covers only about one in four trauma centers. No single accreditor's tooling can cover a hospital's whole designation portfolio. A designation product must speak multiple certifier rule sets.

2 Willingness to pay — the dollar anchors

HOSPITALS ALREADY SPEND MILLIONS A YEAR STAYING READY

Average annual trauma-center readiness cost in Georgia: **$6.82M** (Level I), **$2.33M** (Level II — the 100–400-bed tier) [3-0, PubMed 28958278]. A five-figure system that protects a seven-figure annual readiness investment prices as a rounding error.

Level II is the only trauma level with a positive median net margin (**+$22/patient**; Level I **–$3,640/patient**) — Arkansas statewide financial-impact study [SV-HIGH, PMC4535320; FY2012 dollars]. The 100–400-bed tier is where designation economics actually work.

THE REVENUE THE DESIGNATION CARRIES

A trauma service line generated **~$45.4M** in subsequent-care collections per 1,000 patients (**$8.14M** professional + **$37.29M** technical, 24-month follow-up) [SV-HIGH, PubMed 31083017; ~2015–18 dollars].

Historical floor: **~$103M** initial + **~$26M** downstream over ~3 years at one academic center [3-0, PubMed 17414337; 2002–04 dollars].

Stroke: thrombectomy bills MS-DRG 023 at **$41,698** / DRG 024 at **$28,466** per case; at the median comprehensive-stroke-center volume of 76/yr the CSC designation alone carries **~$2–3M/yr** in DRG revenue (modeled) [SV-MED, CMS DRG tables + GWTG volumes, PMC10350146].

WHAT HOSPITALS ALREADY PAY THE CERTIFIERS (PUBLISHED FEE SCHEDULES)

DESIGNATION	PUBLISHED FEE	PROVENANCE
ANCC Magnet (2026 schedule)	$7,000 application + $70,890 (1–399 beds) → $166,092+ (950+ beds) per 4-yr cycle	[SV-HIGH] nursingworld.org
Baby-Friendly USA (2026)	~$16,800 first cycle + $3,500/yr	[SV-HIGH] babyfriendlyusa.org
TJC stroke certification (initial site visit)	ASR $2,375 · PSC $4,950 · TSC $7,500 · CSC $19,700	[SV-MED] jointcommission.org
Texas state trauma designation (25 TAC §157.125/.126)	L I–II $4,000–$5,000 · III $1,500–$2,500 · IV $500–$1,000 per cycle	[SV-HIGH] TX Admin Code
ACS VRC verification	No public schedule; Georgia proxy $18K–$23K per visit (~2015–19 dollars)	[SV-LOW-MED] trauma.georgia.gov

WHAT LOSING IT COSTS (THE LOSS ANCHORS)

Medicare termination is existential — it removes the single largest payer book and cascades commercial contracts. Documented 2026 examples [SV-HIGH]: Laurel Ridge (San Antonio) — immediate jeopardy → termination notice; **~$48.5M** annual payroll at risk, census fell 175 → 85 on the news. Stanislaus Surgical (Modesto) — terminated, closed.

CMS civil monetary penalties run to **~$10,000/day** at IJ level; cumulative penalties commonly exceed **$1M**; an un-removed IJ forces termination within 23 calendar days (42 CFR 489.53) [SV-MED].

Honest negative: no study since 2015 isolates the revenue lost specifically from losing a trauma or stroke designation. The CMS termination case studies above are the best available loss anchor — we say that rather than invent a number.

3 The competitive field — and its real prices

The Joint Commission itself is the entrenched incumbent in survey-readiness software [3-0]: a tracer cockpit with claimed 60% penetration of JC-accredited hospitals, a mock-survey tool, compliance manuals — and its Accreditation 360 "Continuous Engagement Model" moves the accreditor itself into continuous readiness.

No vendor in this category publishes a list price. So we mined real obligated federal dollars (USAspending.gov, queried 2026-07-09):

PRODUCT / SERVICE	REAL PAID PRICE	BUYER, PERIOD
Tracer cockpit, enterprise license	$935,122 ≈ ~$234K/yr	DoD Navy, 2017–2021
Compliance-manual subscription	$200,288 / 3 yrs ≈ $67K/yr	VA, 2023–2026
Readiness consulting engagement	$177K–$285K	VA, 2008–2015
Accreditor "continuous readiness" program	$9.71M / ~6 yrs	VA, 2010–2016
Policy tool (small → area-wide)	$12K–$62K / yr	IHS, 2020–2027
Credentialing suites	$260K–$800K per 3-yr deal	VA/DoD, 2020–2027
Mock survey (single site → network-wide)	$25K → $151K; ~$9K/day implied	VA/DoD, 2009–2011

The basket read: the stack a hospital actually assembles — a tracer cockpit + manuals + a policy tool + a mock survey per cycle — runs mid-six-figures per survey cycle, none of it cross-certifier, all of it quote-only. A transparent five-figure system prices an order of magnitude under the assembled basket — and publishing the price attacks the category's quote-only friction.

THREE EDGES THE ACCREDITOR STRUCTURALLY CANNOT COPY

- **Multi-certifier scope.** The accreditor's cockpit speaks its own standards. The designation portfolio that carries the revenue — ACS trauma, state stroke (1,427 centers), CoC cancer, DNV — is outside its jurisdiction.
- **The conflict of interest.** A hospital's evidence file — the thing it uses to contest findings, defend an immediate-jeopardy call, or switch accreditors — should not be rented from the accreditor.
- **Evidence spine vs. checklist.** A cockpit records tracer findings; it does not produce tamper-evident named-attester receipts, designation revenue math, registry-shaped submissions, or an AI-governance scorecard. The cockpit is table stakes; the ledger and the receipts are the product.

4 The buying process — a five-figure price fits under the board line

Board-approval thresholds `[SV-MED-HIGH]`: published public-hospital policies converge on **~$10K** department / **$25K–$50K** competitive-bid / **$100K** board-approval tiers (University Hospital Newark; Sonoma Valley HCD; Texas SB 1173 raised district bid thresholds to $100K effective 2025-09-01).

Kept honest: no policy literally says a sub-$100K purchase skips review — the line is inferred from converging published tiers.

The budget it comes from: the average community hospital (161 beds) spends **$7.6M/yr** and 59 FTEs on regulatory compliance **[SV-MED-HIGH, AHA/Manatt 2017 — no newer figure exists]**.

Market size: US-inclusive healthcare compliance software ≈ **$4.37B** (2026) → **$7.51B** (2031), 11.47% CAGR, accreditation management the fastest-growing module at 19.22% CAGR **[3-0, Mordor]**; corroborated by Grand View (**$6.5B** by 2030) **[SV-HIGH]**.

5 Timing — unusually strong, and expiring

Accreditation 360 (announced June 2025): the accreditor's own framing — the biggest change to hospital accreditation since 1965 **[3-0]**. New manuals October 2025; hospital rollout in 2026. Every accredited hospital's quality office must re-map its compliance infrastructure this year — switching costs are at their historic minimum.

Responsible-AI certification launched June 1, 2026 **[3-0]**: voluntary, five certification areas, open to facilities regardless of which accreditor surveys them.

6 Negative findings & open questions

Negative findings are findings. Keeping them is the point.

- No incumbent readiness vendor publishes a list price; the category hides price behind sales. Price opacity is a category property → a published price is a differentiator.
- No public purchase order exists for several major accreditation consultancies — federal awards are the only public prices in this category.
- No 2015+ study isolates revenue lost from losing a designation; CMS termination case studies are the honest loss anchor.
- ACS publishes no national total of verified trauma centers; ~578 (2022) is the last aggregate.

STILL OPEN AFTER THREE PASSES

- Quality-department-level budget lines (software + consulting) — unpublished; the nearest proxy is the whole-hospital AHA figure (2017).
- The current summed ACS-verified national count.
- Base accreditation, CoC, and DNV initial fees — structurally non-public.
- Non-federal (community-hospital) paid prices for the incumbent stack.

7 Sources

PMC8886184 · facs.org · babyfriendlyusa.org (fee schedules 2025-10-09) · Definitive Healthcare (Dec 2025 / June 2025) · JAMA 2794579 · PubMed 28958278 / 31083017 / 17414337 · PMC4535320 · PMC10350146 · nursingworld.org Magnet fee schedule 2026 · 25 TAC §157.125/.126 · jointcommission.org · trauma.georgia.gov · USAspending.gov API (2026-07-09) · uhnj.org Purchasing Policy · Sonoma Valley HCD Policy P-2020.02.06-4 · TX SB 1173 (89R) · AHA/Manatt, Regulatory Overload (2017) · Mordor Intelligence · Grand View Research · publichealthwatch.org · 42 CFR 488 / 489.

About Nightingale OS. Charlie Owl is the accountability layer for hospital compliance and clinical AI — the cross-certifier designation ledger, survey-day tooling, registry-shaped exports, and AI-governance scorecards, running on documents, attestations, public data, and exports hospitals already own. No EHR integration required. See the digital pilot at nightingaleos.com/pilot.html.