

Chapter 8: Hospitals

Second Half

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Learning Objectives

At the end of this lecture, student should be able to:

- Describe at least two ways to classify hospitals into types.
- Name a real hospital and know how to classify it into a type of hospital
- Describe one way a non-profit hospital is different than a for-profit hospital.
- Give an example of a specialty hospital.

Types of Hospitals

Many Types of Hospitals



For-profit and Non-profit Hospitals



Private non-profit hospitals

- “Voluntary hospitals”
- Operated by community organizations, philanthropic foundations, fraternal orders/societies
- Church-owned: Catholic, Protestant, Jewish
- Non-profit status for tax break because benefit community



Private for-profit hospitals

- “Proprietary hospitals”
- Stockholders/investors operate
- No non-profit tax breaks, give profits to shareholders rather than forced to invest

Are Non-profit Hospitals “Better” than Private for-profit Hospitals?

- Non-profits compete head-on with private hospitals
 - Same providers
 - Same patients
 - Same insurance/third party sources for revenue
- Both use same aggressive marketplace behaviors
- Both provide similar levels of charity and uncompensated care
- “Hence, whether nonprofit hospitals are indeed charitable institutions remains controversial.”

Many Types of Hospitals



General and Specialty Hospitals



General hospitals

- Most hospitals in the U.S. are general hospitals
- Provides dx, tx, and surgical services for acute medical conditions
- “General” does not mean less specialized or inferior care

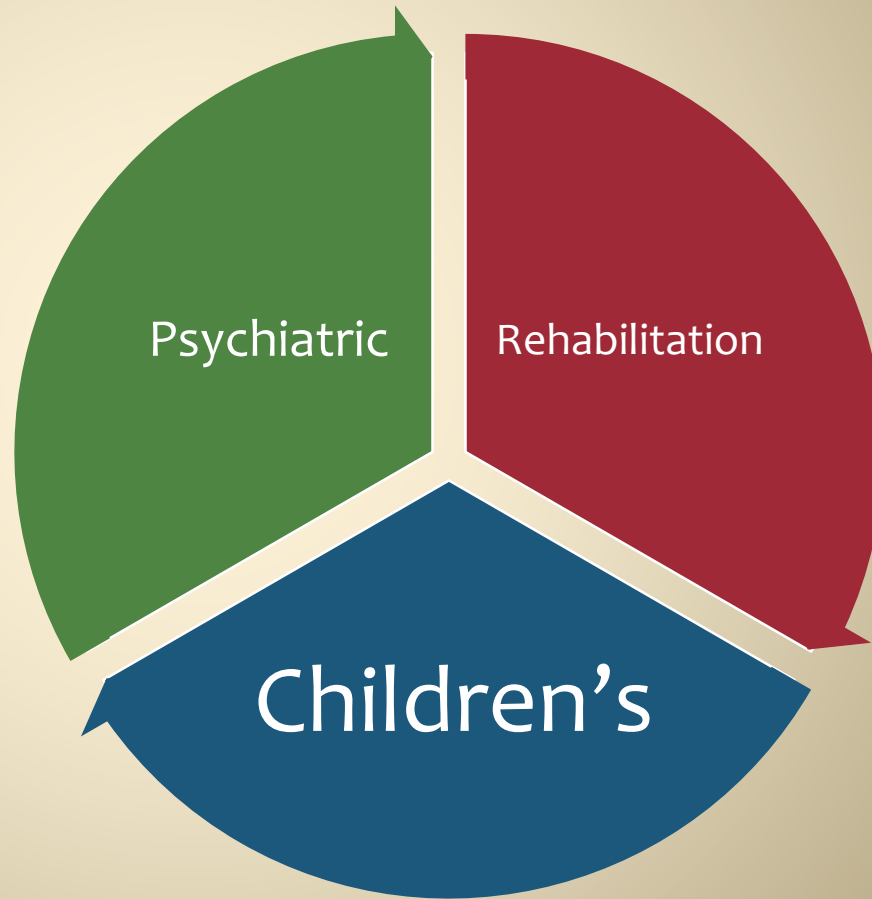


Specialty hospitals

- Only certain types of patients, or those with specified illnesses or conditions
- Traditionally tuberculosis, psychiatric, rehabilitation, and children’s hospitals

Specialty Hospitals

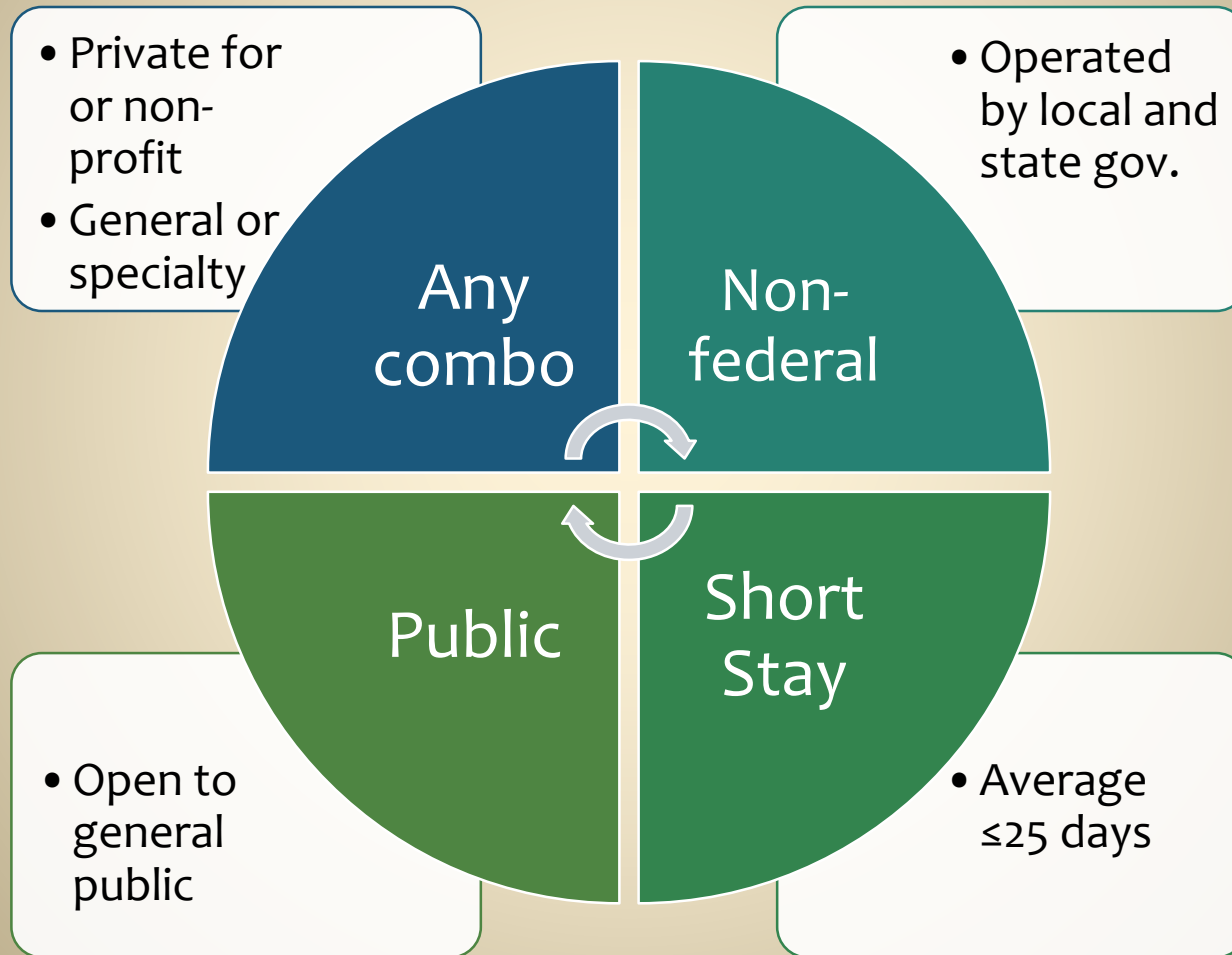
- Community hospitals with special facilities for children – especially rare/complex conditions
- 75% of children's hospital patients are being treated for chronic or congenital conditions
- Others require intensive care (transplants, ca tx, etc.)
- Higher nurse/pt staffing ratio for kids



Many Types of Hospitals



Community Hospitals



Community Hospitals are Public Hospitals



COMMUNITY

- 85% of all U.S. hospitals classified as community hospitals
- Must be **nonfederal** and available to the general **public**, and have average **≤25-day stay**.
- Not the VA or other military because federal.
- Not hospital units at some institutions (prisons, college/universities) because not available to public.
- Most hospitals operated by local gov'ts Community – the rest tend to be “long stay” – psychiatric, tuberculosis/chronic disease hospitals.

PUBLIC

- 25% of all U.S. hospitals
- Include Community (locally-run) hospitals plus those federally run
- Unlike Community, the federal ones do NOT have to serve general public (e.g., VA)
- Native American hospitals
- Can be affiliated with medical schools – financed by Medicare/Medicaid, state/local taxes to train

Why Public and Community Hospitals?



- Usually in large urban areas for inner-city indigent and disadvantaged populations
- Due to poor health status and high violence in this population, these hospitals have high utilization
- Usually small to moderate (average 115 beds), but large ones affiliated with med schools and funded by federal and local funds
 - Provide substantial amount of charity care
- Due to financial pressure, many privatizing or closing in recent years.
 - Number of community hospitals went from 1,444 in 1990 to only 1,092 in 2009.

Many Types of Hospitals



Rural Hospitals



Not in MSA (census = area that includes a city with 50k people or total MSA with 100k)



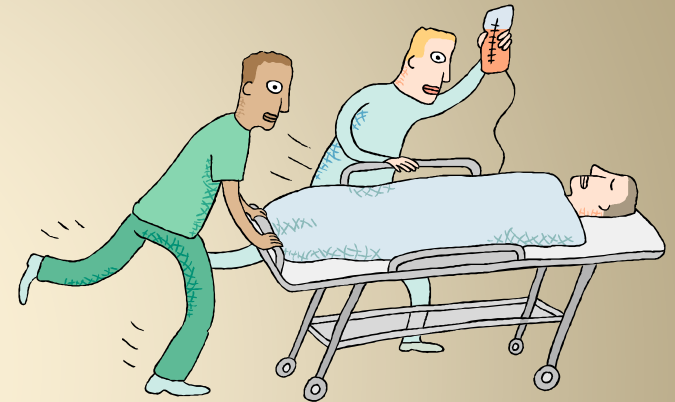
Higher percentage of poor and elder patients



Challenges: remote, small size, limited workforce (physician shortages), inadequate financial resources

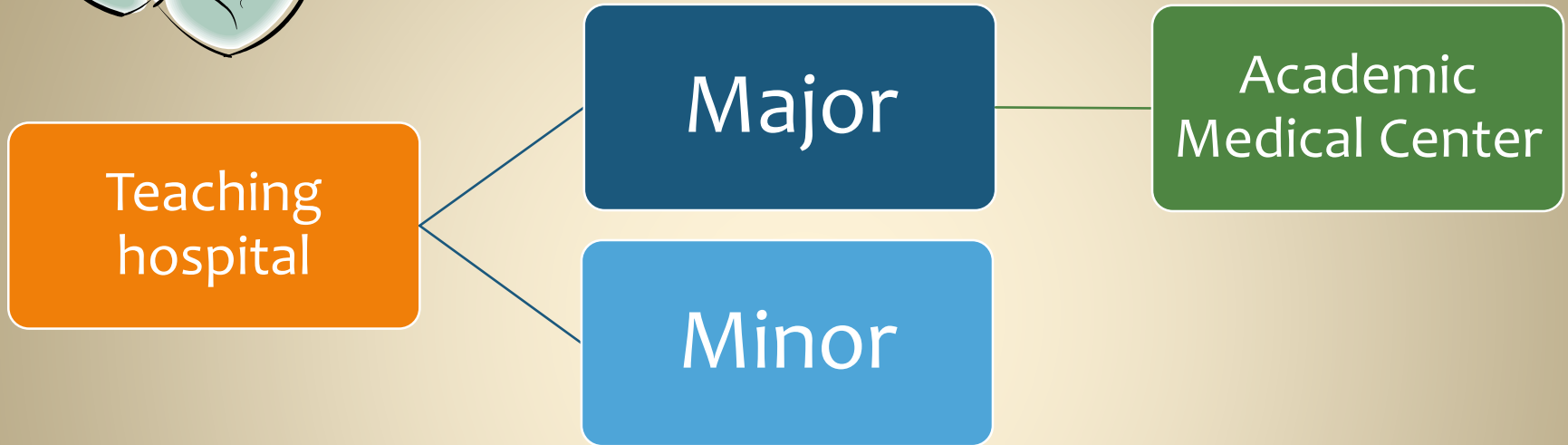
Critical Access Hospitals

- To prevent small rural hospitals from having to close as part of **prospective** reimbursement, the Balanced Budget Act of 1997 allowed designating certain rural hospitals critical access hospitals (CAH)
- Medicare rules
 - No more than 25 beds
 - 24-hour emergency service
 - An additional 10 beds may be in operation for psych or rehab
- Reimbursed on **retrospective** reimbursement





Teaching Hospitals



- Why be an AMC?
 - Uniquely capable of conducting basic and applied clinical research
 - While also providing health care services and offering medical education

Special Role of Teaching Hospitals

Mission

Teaching

Research

Specialized care

Complex medical problems

Latest medical technology

Specialty professionals and services

Many spec/sub spec represented

Special tertiary care (burn, transplant)

History of Osteopathic Hospitals

- Osteopathy establish separate branch of medicine in 1874
 - Same as “allopathic” (MDs) but is holistic, and looks at joints/tissues, diet and environment, promote health and prevent disease
- Since then, antagonism between fields made osteopaths establish own osteopathic hospitals
 - All the same services as allopathic (pharmacy, lab, x-ray, etc.) plus osteopathic services
- In 1970, osteopathic hospitals were eligible to apply for registration with the American Hospital Association
- Since then, allopathic and osteopathic (MDs and DOs) practice side-by-side in clinics/hospitals



Osteopathic Hospitals Today



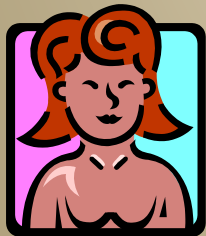
Pharmacy



Surgery



Pediatrics



Gynecology

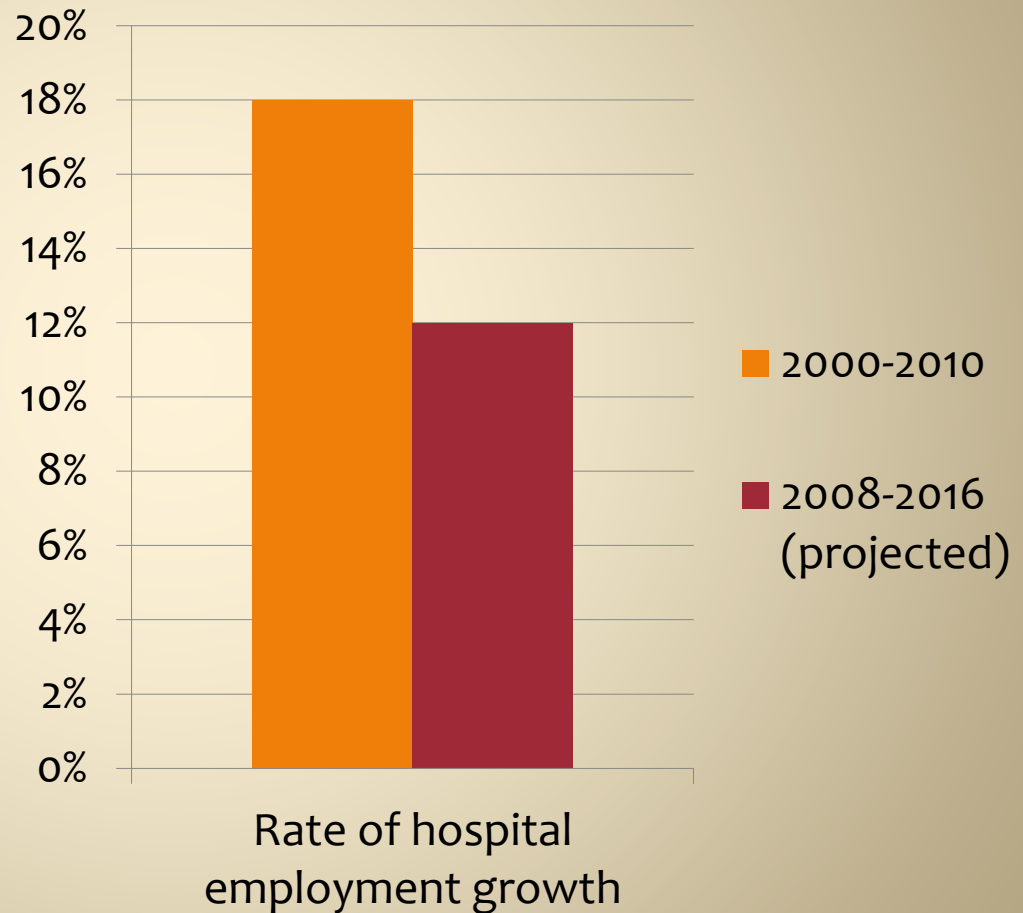
- For all practical purposes, osteopathic hospitals today are community general hospitals
- Once MDs and DOs integrated, separate hospitals became unnecessary
- Found to be more costly and less productive than counterpart non-osteopathic hospitals
- Many have closed

Hospital Employment



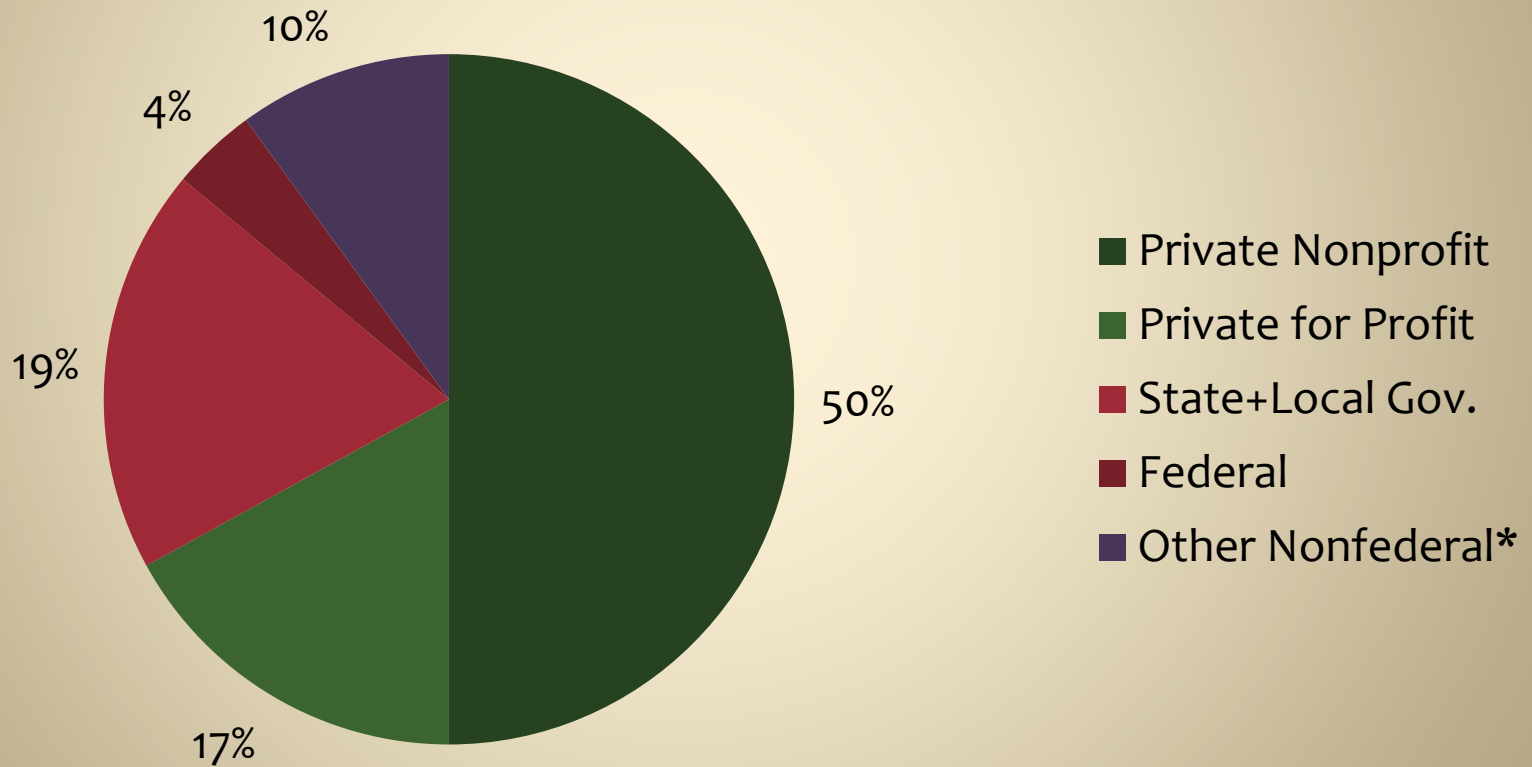
In 2010, US health care sector employed 16.4 million workers

- 4.7 of these were in hospitals
- This is 29% (almost a third!)



Types of Hospitals, 2009

Total n. of hospitals=5,795

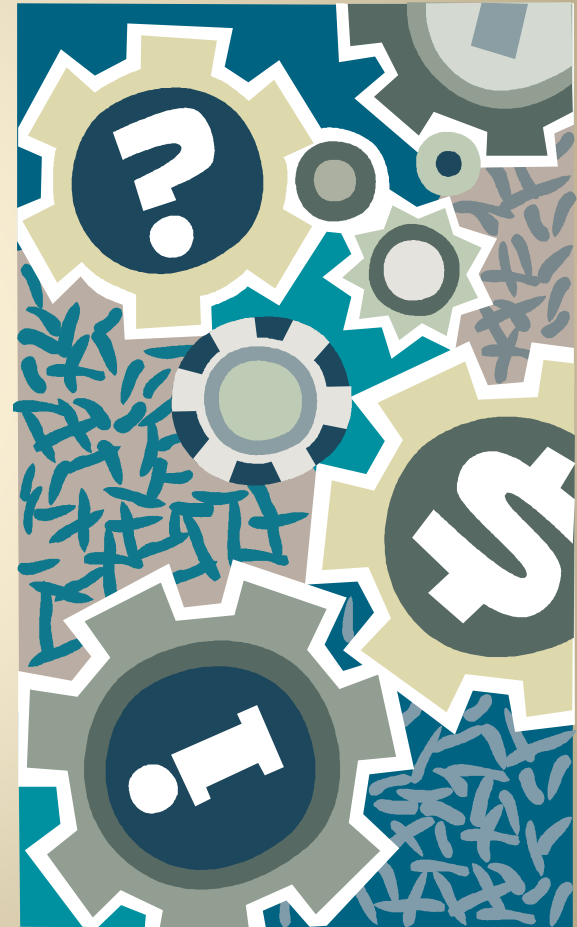


* Mainly nonfederal psychiatric and long-term hospitals.

The Local Scene: Hospitals in Massachusetts

Local Hospitals

- General
- Specialty
 - Psychiatric
 - Rehabilitation
 - Children's
- Public
 - Community
 - Not community
 - For-profit
 - Non-profit
- Private
 - For profit
 - Non-profit
- Allopathic
- Osteopathic
- Teaching
 - Major
 - Academic health center
 - Minor
- Not teaching
- Urban
- Rural



Emerson Hospital on Concord, MA

- General
 - Psychiatric
 - Rehabilitation
 - Children's
- Specialty
 - For-profit
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Newton-Wellesley Hospital

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Spaulding Rehabilitation Center, Boston, MA

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Conclusion

- There are many different types of hospitals with many mixes of characteristics
- Each type of hospital plays a unique role in the U.S. health care system
- For different reasons, some type of hospitals are more common than others
 - Historical and current pressures cause certain types of hospitals to close in some eras, while other types are favored
- Hospitals will continue to evolve and will play an important role in the future of the U.S. HC system

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