

The background of the slide features a large, faint watermark of the Rutgers University seal. The seal is circular and contains the text "RUTGERS UNIVERSITY" around the perimeter and "1773" at the bottom. The seal is centered and overlaps the text.

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Rutgers Business School
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Hospital Closure

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Why Hospital Closes?

- Financial
- Market Forces
- Regulatory Pressure

Characteristics of Closed Hospitals

- Smaller in size.
- Low Occupancy.
- Mostly For-profit.
- Lack of CEO's affiliation in professional association.
- Lack of Physicians' affiliation with the hospital.

Causes of closure: perspective of Mayors Survey of 130 Mayors of rural towns, 1980-1988

- Reimbursement policies.
- Poor Hospital Management.
- Lack of Physicians.
- Competition from other hospitals.
- Lack of team work.
- Inadequate hospital board leadership.

Impact of Closure

- On Patients.
- On Community.

Impact on patients

- Access.
- Cost.
- Quality.

Effect of Closures on Access, Cost & Quality Buchmueller et al (JHE, 2006)

- Studied the closures of hospitals in LA county between 1997 and 2003.
- Studied the effect of distance travel on access, cost and quality of care.
- See Table 2 for characteristics of the closed hospitals.

Hospital Closure (contd)

Table 2
Characteristics of closed hospitals affecting Los Angeles County residents

| Facility name | Full year closed | Ownership type | GAC beds, 1997 | Emergency services | Cardiac services |
|-------------------------------------------------|------------------|----------------|----------------|--------------------|------------------|
| Newhall Community Hospital | 1998 | For-profit | N/A | N/A | N/A |
| Pioneer Hospital | 1998 | For-profit | 99 | Yes | Yes |
| Woodruff Community Hospital | 1998 | For-profit | 66 | Yes | Yes |
| Thompson Memorial Med Center | 1999 | For-profit | 105 | Yes | Yes |
| Kaiser Foundation—Norwalk | 1999 | Kaiser | 96 | No | No |
| Lakewood Regional Med Center ^a | 1999 | For-profit | 69 | No | No |
| North Hollywood Med Center | 1999 | For-profit | 85 | Yes | No |
| Rio Hondo Hospital ^b | 1999 | Non-profit | 103 | No | No |
| South Bay Medical Center | 1999 | For-profit | 136 | Yes | Yes |
| Washington Medical Center | 2000 | For-profit | 81 | Yes | Yes |
| West Valley Hospital | 2002 | Non-profit | 139 | Yes | Yes |
| Westside Hospital | 2002 | For-profit | 57 | Yes | No |
| Suncrest Hospital of Orange County ^c | 1998 | For-profit | 74 | No | No |
| Friendly Hills Regional Med Center ^c | 1999 | For-profit | 113 | Yes | No |
| Pacifica Hospital ^c | 1999 | For-profit | 45 | Yes | No |

Descriptive Stat of the Sample

Table 3
Los Angeles County Health Survey summary statistics

| | Overall | By change in distance to closest hospital | | |
|----------------------------------------|--------------|-------------------------------------------|--------------|--------------|
| | | No change | Pre-change | Post-change |
| Hospital distance variable | | | | |
| Miles to closest hospital (driving) | 2.65 (0.018) | 2.54 (0.019) | 2.35 (0.055) | 4.15 (0.068) |
| Outcome variables | | | | |
| Has regular source of care | 0.781 | 0.782 | 0.753 | 0.817 |
| Go to MD's office for care | 0.621 | 0.616 | 0.621 | 0.703 |
| Go to ER or outpatient clinic for care | 0.133 | 0.138 | 0.102 | 0.085 |
| Ease of access to health care | 0.714 | 0.708 | 0.708 | 0.776 |
| Colon cancer screen (age >50) | 0.438 | 0.436 | 0.449 | 0.464 |
| Received HIV test (age <65) | 0.358 | 0.365 | 0.350 | 0.291 |
| Health insurance status | | | | |
| Insured—private, empl, military | 0.521 | 0.512 | 0.578 | 0.610 |
| Medi-Cal, non-Medicare | 0.077 | 0.081 | 0.025 | 0.050 |
| Medicare | 0.122 | 0.121 | 0.119 | 0.122 |
| Individual characteristics | | | | |
| Gender (male) | 0.407 | 0.406 | 0.444 | 0.436 |
| Age | 43 (0.11) | 43 (0.12) | 43 (0.51) | 44 (0.43) |
| Race | --- | --- | --- | --- |

Results of the Regression Models

- Urban hospital closures improve the efficiency of the healthcare system by shifting care to lower cost facility i.e. to doctor's office.
- Seniors who tend to rely more on hospitals, report more difficulty accessing care as a result of closures.
- HIV screening has worsened but colon cancer screening has improved following closures.

Impact on Community

- Economic.
- Social.

Economic Impact

- Adverse significant impact on rural community.
- Closures in communities with alternative sources of care have no long-term economic impact.
- Closure of sole hospital in the community reduces per capita income by 4%, increases unemployment rate 1.6 percentage points (HSR, 2006).
- Rural hospital is the hub of community activities, and major employer.

Non-economic impact

- Community unrest.
- Empty buildings facilitate social problems.
- Loss of health services volunteers.

Thank you