

Introduction to Hospital Markets

Econ 4310, Christina Marsh

Fall 2010

Types of Hospitals

- ▶ Federal hospitals
 - ▶ Military bases
 - ▶ Veterans Administration
- ▶ Non-Federal hospitals
 - ▶ Community
 - ▶ Long-term General
 - ▶ Special, Psychiatric, and Tuberculosis

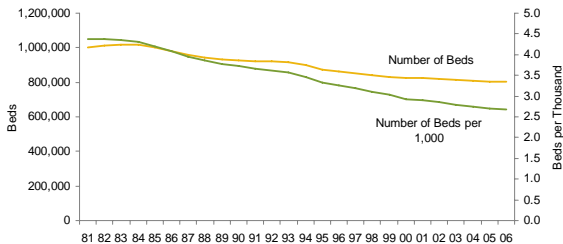
Community Hospitals

- ▶ Largest category, approx 86 percent of all hospitals
- ▶ Provide general medical and surgical services
- ▶ Provide some specialty services
 - ▶ Ear, nose, and throat
 - ▶ Obstetrics and gynecology
 - ▶ Orthopedic services
- ▶ Typically offer short term stays (less than 30 days)
- ▶ Ownership types (by beds, 2006):
 - ▶ Not-for-profit (70 percent)
 - ▶ For-profit (14 percent)
 - ▶ State and local (16 percent)

Trends

TRENDWATCH CHARTBOOK 2008
Trends in the Overall Health Care Market

Chart 2.2: Number of Beds and Number of Beds per 1,000 Persons, 1981 – 2006

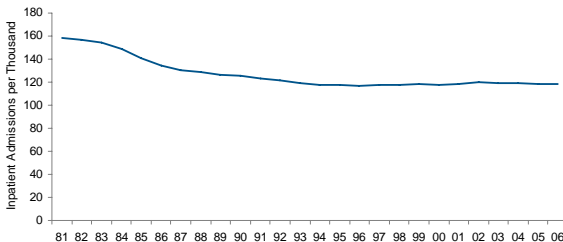


Source: Avalere Health analysis of American Hospital Association Annual Survey data, 2006, for community hospitals.

Trends

TRENDWATCH CHARTBOOK 2008
Trends in the Overall Health Care Market

Chart 3.3: Inpatient Admissions per 1,000 Persons, 1981 – 2006

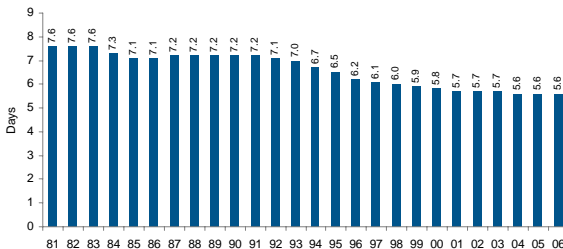


Source: Avalere Health analysis of American Hospital Association Annual Survey data, 2006, for community hospitals.
US Census Bureau: National and State Population Estimates, July 1, 2006.
Link: <http://www.census.gov/popest/states/tables/NST-EST2006-01.xls>.

Trends

TRENDWATCH CHARTBOOK 2008
Trends in the Overall Health Care Market

Chart 3.5: Average Length of Stay in Community Hospitals, 1981 – 2006

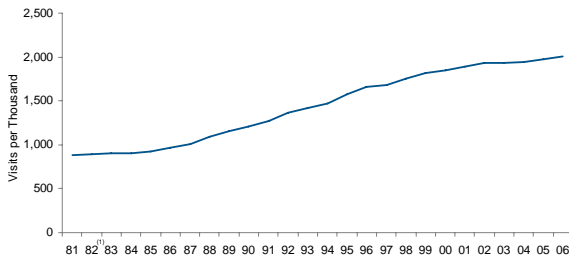


Source: Avalere Health analysis of American Hospital Association Annual Survey data, 2006, for community hospitals.

Trends

TRENDWATCH CHARTBOOK 2008
Trends in the Overall Health Care Market

Chart 3.13: Hospital Outpatient Visits per 1,000 Persons, 1981 – 2006

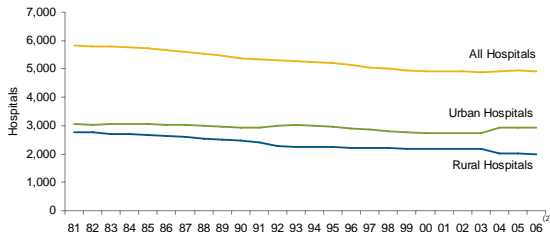


Source: Avalere Health analysis of American Hospital Association Annual Survey data, 2006, for community hospitals.
US Census Bureau: National and State Population Estimates, July 1, 2006.

Link: <http://www.census.gov/popest/states/tables/NST-EST2006-01.xls>.

⁽¹⁾ Due to a restructuring of this survey question in 1982, some respondents reported occasions of service rather than visits, resulting in an artificially large number of outpatient visits. In 1983, the survey reverted back to the original question, which remains the same today. To smooth the trend line to better reflect what was the actual number of visits, the 1982 data point in the chart is an average of the 1981 and 1983 figures. The number collected from the survey is reported in the appendix table but should be used with caution.

Trends

TRENDWATCH CHARTBOOK 2008
Trends in the Overall Health Care MarketChart 2.1: Number of Community Hospitals,⁽¹⁾ 1981 – 2006

Source: Avalere Health analysis of American Hospital Association Annual Survey data, 2006, for community hospitals.

⁽¹⁾ All nonfederal, short-term general, and specialty hospitals whose facilities and services are available to the public.⁽²⁾ Data on the number of urban and rural hospitals in 2004 and beyond were collected using coding different from previous years to reflect new Centers for Medicare & Medicaid Services wage area designations.

Trends

- ▶ Number of hospital beds in US declining
- ▶ Number of outpatient visits rising
- ▶ As a result, many smaller hospitals have closed and others have merged
- ▶ What leads to this? Are patients better off? Are bigger hospitals better, more efficient?

To figure this out, we will examine **hospital market structure** and the **role of regulation and government**.