

What do we know about the effects of hospital ownership?

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John Schneider, PhD



Quality of POHs



Quick overview of the evidence:

- Most studies focus on either cardiac or orthopaedic specialty hospitals, though some studies have explicitly examined levels of physician ownership independently.
- An example of the latter is the CMS study which found that POHs had complication rates below their expected levels in 11 of 12 (92%) patient safety indicators ("PSIs"), and across all PSIs had ratios of observed versus expected rates almost twice as high as their NPOH counterparts.
- Peer-reviewed literature on quality of care provided in POHs is remarkably consistent, finding that specialty hospitals and POHs provide at least the same quality of care as NPOHs, and according to most studies the levels of quality observed in POHs exceeds that of NPOHs.



Summary of Quality Studies

Table 1. Summary of Studies of Physician-Owned & Specialty Hospital Quality

Study	POH v. NPOH
1 Cram et al. 2005 [1]	POHs Better ^{/A,B}
2 Nallamothu et al. 2006 [2]	POHs Better ^{/A,B,D}
3 Barro et al. 2006 [3]	POHs Better ^{/A,B}
4 Greenwald et al. 2006 [4]	POHs Better ^{/B,C,D}
5 Cram et al. 2007 [5]	POHs Better ^{/B,C}
6 Hwang et al. 2007 [6]	No Difference ^{/A,B,C,E}
7 Popescu et al. 2008 [7]	No Difference ^{/A,E}
8 Hagen et al. 2010 [8]	POHs Better ^{/A,B,C}
9 Cram et al. 2012 [9]	POHs Better ^{/B,C}
10 O'Neill & Hartz 2012 [10]	No Difference ^{/B}

Notes: A) study of specialty hospitals as opposed to POHs, but assumed high correlation between specialization and physician ownership; B) outcome measure is mortality rate; C) outcomes measure is complication rate; D) study includes other quality measures; E) outcomes worse in POH for patients with greater comorbidities



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Quality of POHs

Implications...what does this mean for YOU?

- Every chance you get, mention to your critics that 70% of the peer-reviewed studies show **better** quality, and the other 30% show no difference;
- The variation in results is due to differences in study design;
- **NO** study shows that POHs have worse quality.



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Utilization of POHs



Quick overview of the evidence:

- Of the 10 studies conducted since the POH policy debates started in 2004, 6 out of 10 of the studies show that POHs are not associated with higher utilization. Of the four studies that do show a utilization effect, three were conducted by the same author and have been widely criticized for having flawed methodologies.
- At best, the net or average result of the existing volume/utilization studies is mixed. However, it is clear that the studies with the most methodological rigor tend to reach the conclusion of “no effect,” and one of those studies with particularly good methods actually finds that POHs decrease utilization and expenditures.
- The only rational conclusion that can be drawn from this is that POHs have no utilization effects, and the most that can be said beyond that is that the studies show mixed results; there is clearly no trend toward showing that POHs lead to higher utilization. Moreover, none of these studies were able to address a crucial issue in analyzing utilization: whether services are appropriate and necessary. According to research on POH quality, there is no indication that POHs provide higher levels of inappropriate care.



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Summary of Utilization Studies

Summary of Studies of Physician-Owned Hospital Utilization

Study	Findings	Notes
1 Woods et al. 2005 ¹	No effect	[a]
2 Mitchell 2005 ²	Increase	[b,c,d]
3 Greenwald et al. 2006 ³	No effect	
4 MedPAC 2005; 2006 ⁴	No effect	
5 Barro et al. 2006 ⁵	No effect	
6 Nallamothu et al. 2007 ⁶	Increase	[b,d]
7 Mitchell 2007 ⁷	Increase	[b,c,d]
8 Mitchell 2008 ⁸	Increase	[b,c,d]
9 Schneider et al. 2010 ⁹	No effect	
10 Lu et al. 2010 ¹⁰	No effect	

Notes: (a) study does not include a control group; (b) study does not control for endogenous effects of ownership; i.e., ownership may be more prevalent in high demand areas; (c) study lacks sufficient methods of identification and measurement of ownership; (d) study does not measure ownership effect versus other confounding factors affecting utilization.



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Utilization of POHs

Implications...what does this mean for YOU?

- Same approach as the quality argument:
 - 60% of the peer-reviewed studies show no effect; that is, POHs do not do more services than their NPOH counterparts, holding all other variables constant
 - Of the 40% that show a utilization effect, 75% of those studies are by Jean Mitchell– a known passionate critic of POHs who has received funding from the AHA
- Think about the logic: why would you, a POH owner, behave any differently from your colleague who only admits to the community hospital? Does he or she not benefit at all from admitting patients to their NPOH?



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Non-Physician Ownership of Hospitals

1. Two points:
 - Physician Employment: When NPOHs “own” physicians, are there not utilization incentives?
 - Non-Physician ownership: To what extent do we want private investors involved in the governance of health care facilities?
2. Quick overview of the evidence:
 - Services cost more in hospitals vs. POHs and ASCs
 - Doctors have incentives by hospital to increase referrals to hospital
 - Hospitals increasingly buying up specialty groups, etc. Hospitals say the acquisitions will make health care more efficient. But the acquisitions are also having another effect: higher prices.
 - As physicians are subsumed into hospital systems, they can get paid for services at the systems' rates, which are typically more generous than what insurers pay independent doctors. Some services that physicians previously performed at independent facilities, such as imaging scans, may start to be billed as hospital outpatient procedures, sometimes more than doubling the cost.
 - The result is that the same service, even sometimes provided in the same location, can cost more once a practice signs on with a hospital.



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Non-physician Ownership of Hospitals

Quick overview of the evidence:

- This year, nearly one-quarter of all specialty physicians who see patients at hospitals are actually employed by the hospitals, according to an estimate from the Advisory Board Co. That is more than four times as many as the 5% in 2000. The equivalent share of primary-care physicians has doubled to about 40% in the same time frame.
- Hospitals say they are bringing in physicians to improve care, integrate services and reduce waste, efforts encouraged by the Obama administration's federal health-overhaul law. Higher reimbursement is needed in some cases, they say, because it costs more to operate outpatient clinics, which must meet strict regulatory requirements and often treat patients who lack insurance.



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Non-physician Ownership of Hospitals

Quick overview of the evidence:

- HCA, the health care industry conglomerate who controls 163 hospitals from New Hampshire to California, has had soaring profits which are drastically outpacing their competitors in the past few recent years. In late 2008, HCA changed the billing codes it assigned to sick and injured patients who came into the emergency rooms. Almost instantly, the numbers of patients who HCA said needed more care, which would be paid for at significantly higher levels by Medicare, surged.
- Many doctors interviewed at various HCA facilities said they had felt increased pressure to focus on profits under the private equity ownership.
- Small and nonprofit hospitals are closing or being gobbled up by medical giants, many of which operate for a profit. The trend toward consolidation is likely to accelerate under the Obama administration's health care law as hospitals grapple with what are expected to be lower reimbursements from the federal and state governments and private insurers.



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Non-physician Ownership of Hospitals

Implications...what does this mean for YOU?:

- Think of the logic:
 - Someone needs to own hospitals. They can't all be non-profit.
 - So, who is best positioned to own & govern hospitals?
 - Private investors?
 - Physicians & private investors?
 - Physicians?

