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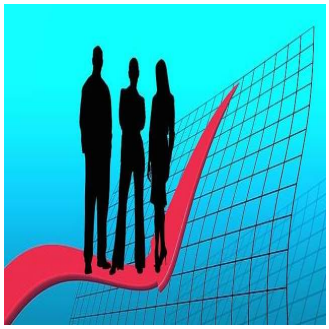
Hospital 'For-Profit' Conversion: No Impact on Quality of Care



US hospitals that converted from nonprofit to for-profit status in the 2000s subsequently enjoyed better financial health, but their conversion made no difference in the quality of care provided or mortality rates, according to researchers from the Harvard School of Public Health, Boston, MA. Their study examined characteristics of US acute care hospitals associated with conversion to for-profit status and changes following conversion. The findings have been published in *JAMA*.

Such conversions have become controversial during the past decade. Critics worry that once hospitals become “for-profit” they will focus on financial metrics such as improving payer mix and increasing volume, paying less attention to the provision of high-quality care. Meanwhile, advocates contend that for-profit operations bring needed resources and experienced management to struggling institutions, improving the quality and efficiency of the care that these hospitals provide.

According to the Harvard investigators, there is little contemporary empirical evidence on what happens to patient care or to patient mix when hospitals convert. They wanted to determine the changes that occur following the conversions. Their study covered 237 converting hospitals and 631 matched control hospitals. Participants were 1,843,764 Medicare fee-for-service beneficiaries at converting hospitals and 4,828,138 patients at control hospitals.

Key findings of the study include:

- Converting hospitals improved their total margins (ratio of net income to net revenue plus other income) more than controls (2.2 percent vs. 0.4 percent improvement);
- Hospitals that converted had similar performance on process quality indicators for heart attack, congestive heart failure, and pneumonia compared with controls at baseline (84.3 percent vs. 85.5 percent);
- Both groups improved their process quality metrics (6.0 percent vs 5.6 percent); and
- Mortality rates did not change at converting hospitals relative to controls for Medicare patients overall or for dual-eligible (Medicare and Medicaid eligible) or disabled patients.

In addition, there was also no change in converting hospitals relative to controls in annual Medicare volume, the proportion of patients with Medicaid, or the proportion of patients who were black or Hispanic, the researchers noted.

“We found no evidence that conversion was associated with worsening care, as measured by processes of care, nurse staffing, or outcomes. On the other hand, for-profit hospitals have often argued that conversion will provide resources that will lead to better care, and our study failed to find any evidence to support this notion, either," concluded the research team led by Karen E. Joynt, MD, MPH, of the Harvard School of Public Health.

The results suggest that as regulators and policy makers consider for-profit conversions, the likely changes that could be anticipated will mainly be in the financial health of the hospital, with little impact, either positive or negative, on the quality of care delivered or the hospital's mortality rates. "Although there may be individual instances in which quality or outcomes improve or decline after a conversion, we did not find any consistent pattern during the past decade,” Dr. Joynt's team said.

Source: JAMA
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Published on : Wed, 22 Oct 2014

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