# Association of hospital ownership with patient transfers to outpatient care under a prospective payment system in Taiwan

林恆慶
Lin HC;Xirasagar S;Kao S

## Abstract

Case payment, a prospective payment system akin to diagnosis-related groups (DRGs) has in-built incentives for hospitals to transfer inpatients to their own ambulatory care units following early discharge. This study used nation-wide inpatient claims data on a total of 100,730 patients treated in 2000 in (Taiwan): cesarean section (59,364 cases), femoral/inguinal hernia operation (18,675 cases), and hemorrhoidectomy (22,691 cases), all reimbursed by case payment, to explore the relationship between hospital ownership and patient transfers to outpatient treatment. For all three diagnoses, for-profit (FP) hospitals not only had lower lengths of stay (LOS) compared to public hospitals, but also showed very high odds of patient transfer to their own outpatient units, after controlling for institutional variables, (hospital level, teaching status, and geographic location), hospital competitive environment (the Herfindal-Hirschman index), and patient variables (gender, age, length of stay, and number of secondary diagnoses, a proxy for severity of illness). Similar, though slightly lower odds were observed with not-for-profit (NFP) hospitals relative to public hospitals. The findings support the property rights theory, suggesting that in Taiwan, institutional profit maximization motives may be driving patient transfers under the case payment diagnoses, rather than medical care needs. In NFP hospitals, their physician compensation mechanism, driven largely by care volumes provided by each physician, appears to be driving the disproportionately greater likelihood of patient transfer to outpatient care.