

Effects of Payment Incentives, Hospital Ownership and Competition on Hospitalization Decisions for Ambulatory Surgical Procedures

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Abstract

OBJECTIVE: To test the hypotheses that (1) for-profit (FP) and not-for-profit (NFP) hospitals are less likely than public hospitals to admit cases reimbursed by prospective payment favoring ambulatory over inpatient care; (2) admission odds of public, FP and NFP hospitals will converge under increasing hospital competition. **METHODS:** Retrospective, population-based, cross-sectional study covering 29,699 cases of unilateral, femoral/inguinal hernia operation (major surgical procedure) and 60,626 cases of cataract surgery (local surgical procedure), from Taiwan's National Health Insurance database was used. Diagnosis-wise logistic regression analysis were done to examine associations between admission propensities of FP versus public and NFP hospitals (large teaching hospitals with $>$ or $=$ 250 beds versus district hospitals with $<$ 250 beds) under high and low competition, adjusted for clinical complications, and patient as well as physician demographics. **RESULTS:** Large public teaching hospitals are significantly more likely than FP district hospitals to admit hernia patients (ORs = 1.9 and 2.6, respectively, under high and low competition), and cataract surgery patients (ORs = 5.0 and 5.4, respectively, under high and low competition). The corresponding odds ratios for public district hospitals (relative to FP district hospitals) are 1.2 and 3.9 for hernia and 4.9 and 2.7 for cataract surgery. Odds ratios show convergence of admission odds across hospital ownership under high competition relative to low competition for hernia (OR range for different hospital types under high competition, 1.0-1.9; and under low competition, 1.0-3.9). Cataract cases show high divergence of admission odds between public and FP/NFP hospitals regardless of competition level (OR range for different hospital types under high competition, 0.3-5.0; and under low competition, 0.3-5.4). **CONCLUSION:** Overall, our data support the study hypotheses. Differences in the relevance of inpatient care for hernia and cataract surgery may account for the lack of admission convergence of public hospitals and FPs under high competition among cataract surgery group.