Basics of the U.S. Health Care System

Third Edition

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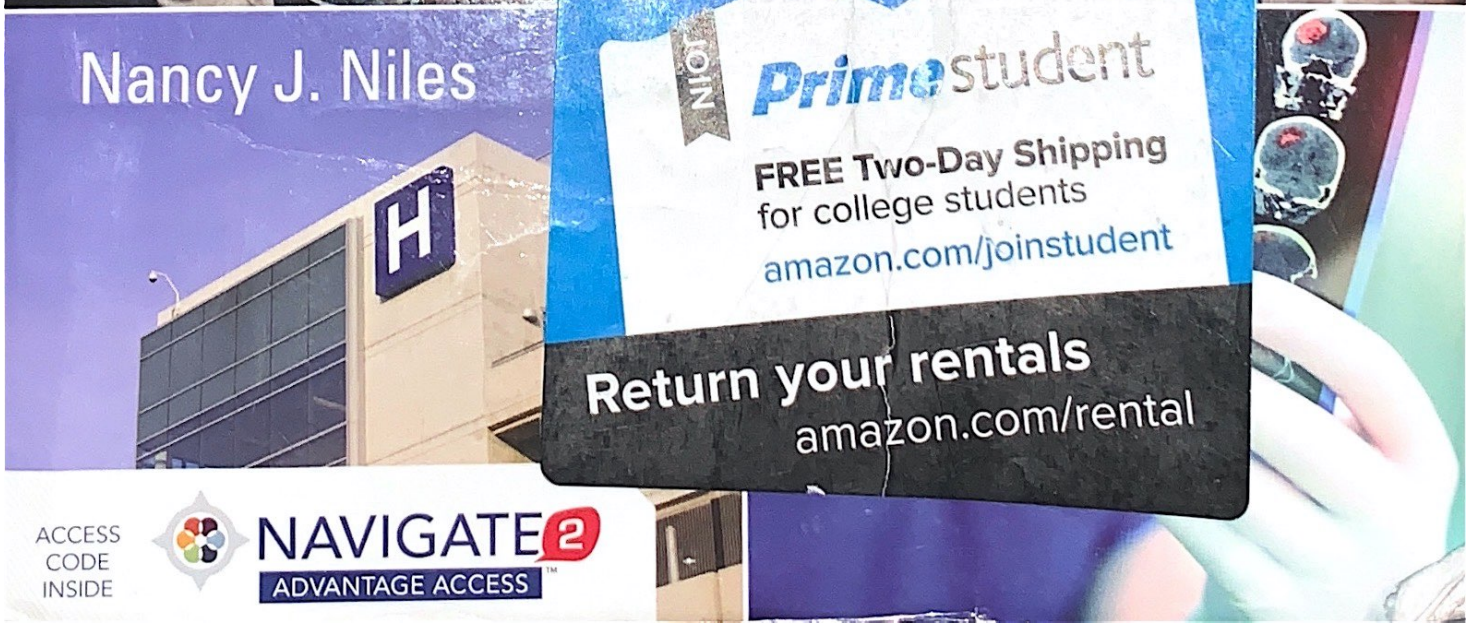

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CHAPTER 6

Inpatient and Outpatient Services

LEARNING OBJECTIVES

The student will be able to:

- Identify and discuss three milestones of the history of the hospital.
- Define and discuss the different hospitals by their ownership classification.
- Describe the difference between hospitals by who they serve.
- Identify the different types of outpatient care settings.
- Analyze the utilization trends of both inpatient and outpatient services.
- Evaluate the difference between inpatient and outpatient services.

DID YOU KNOW THAT?

- Hospitals are the foundation of our healthcare system.
- Other terms related to "hospital" include hospitality, host, hotel, and hospice.
- Voluntary hospitals are called voluntary because their funding comes from the community voluntarily.
- According to the Urgent Care Association 2014 Benchmarking Survey, the number of urgent care centers has decreased from 9,000 in 2011 to 6,400 in 2013, with an average charge of less than $150 compared to the average emergency room visit cost of $1,354.
- Women seek healthcare services more frequently than men.
- Public hospitals are the oldest type of hospital and are government owned.
- Religious hospitals were developed as a way to perform spiritual work.

The PDSA model focuses on changing a process to improve the process. Providers **plan** change in a workflow (step 1), implement the change (**Do**-carry out the plan-Step 2), **study and summarize** what happened with the change (step 3), observe and learn from the change (Step 3), and **act** upon the change (Step 4).

Many of the large U.S. hospitals are working with the Joint Commission Center for Transforming Healthcare to implement processes that target safe and quality patient care. For example, the PDSA can be used to reduce medication errors by analyzing the process of providing medications, determining what changes need to be made, and assessing if the changes were successful by the reduction of medication errors (American Hospital Association, 2016b).

Leapfrog Group

The Leapfrog Group was established in 1998 by several large employers that purchase healthcare to find ways to assess the quality of health care services. The founders believed they could take "leaps" forward with their employees by rewarding hospitals that achieve quality and safety performance. In 2001, the Leapfrog Group initiated an annual hospital survey, endorsed by the National Quality Forum, to assess hospital safety performance standards to reduce preventable medical mistakes The surveys can be voluntarily completed by any U.S. hospital and are implemented annually. The survey data is for public consumption so consumers can find out which safety issues are occurring in their local hospitals. The 2015 survey includes data on computerized prescriber order entry, maternity care, and ICU physician staffing.

In June 2012, the Leapfrog Group initiated the Hospital Safety Score, a letter-grade rating of how well hospitals protect patients from accidents, infections, injuries, and errors. These data are collected from the Leapfrog Hospital Survey, the CMS, and the American Hospital Association to calculate a letter grade safety rating (Leapfrog Group, 2016).

Outpatient Services

As discussed previously, **outpatient services** are services that do not require an overnight stay. Often, the term **ambulatory care** is used interchangeably with outpatient services. Ambulatory literally means a person is able to walk to receive a service, which might not always be true. The term "outpatient" is a more general term for services other than inpatient services (Jonas, 2003). Hospitals also offer outpatients service in their emergency departments and their outpatient clinics.

Physician Offices

The basic form of an outpatient service is a patient seeing his or her physician in the physician's office. Both general practitioners and specialists offer ambulatory care as either solitary practitioners or in group practice.

Traditionally, physicians established solo practices, but as the costs of running a practice increased, more physicians have established group practices (Pointer et al., 2007).

Hospital Emergency Services

Hospital emergency medical services are an integral part of the American healthcare system. Emergency departments provide care for patients with emergency healthcare needs. There were 160 million emergency department visits in 2013 (CDC, 2016a). Emergency department use is more likely among low-income people, people in fair or poor health, the elderly, infants and young children, and people with Medicaid coverage (CDC, 2016b). Hospitals traditionally provide inpatient services, though nearly all community hospitals provide emergency services that are considered outpatient services. Although emergency departments have the technology to treat emergency situations, many emergency rooms are used for nonemergency issues.

Hospital-Based Outpatient Clinics

Many outpatient clinics are found in teaching hospitals. They use outpatient clinics as an opportunity to teach and perform research. The clinics are categorized as surgical, medical, and other. Larger teaching hospitals may have 100 specialty and subspecialty clinics (Jonas, 2003). They may operate as part of the hospital or as a hospital-owned entity.

Urgent and Emergent Care Centers

Urgent and emergent care centers were first established in the 1970s, and are used for consumers who need medical care but whose situation is not life-threatening. This would take the place of the hospital emergency room visit. The medical issue usually occurs outside traditional physician office hours, so these centers see patients in the evenings and on weekends and holidays. Many of these centers are both walk-in and appointment facilities. They do not take the place of a patient's primary care provider. These centers are conveniently located and may be in strip malls or medical buildings so they are accessible for consumers. It is important to note that many

managed care organizations will reimburse member visits because they are less expensive than an emergency room visit (Sultz & Young, 2006). The urgent care centers relieve the emergency departments from seeing patients who do not have life-threatening situations. It is anticipated that there will be an increase in urgent care centers because of this need.

According to the Urgent Care Association 2014 Benchmarking Survey, the number of urgent care centers has decreased from 9,000 in 2011 to 6,400 in 2013, with an average charge of less than $150 compared to the average ER visit cost of $1,354. Approximately 85% of the centers have a physician on site at all times, and 75% of the physicians are board certified in a primary specialty (Bannon, 2015).

Physicians (35.4%), private investors and insurers (30.5%), and hospitals (25.2%) are the top three owners of urgent care centers. Private equity firms invested nearly $4 billion in healthcare services in 2013, fueled predominantly by urgent care centers. This type of medical care has become the consumer preference because there is less wait time than for an emergency room visit (Dolan, 2013).

Ambulatory Surgery Centers

Ambulatory surgery centers (ASCs) are for surgeries that do not require an overnight stay. Physicians have taken the lead in developing ASCs. The first ASC was established in 1970. It provided an opportunity for physicians to have more control over their surgical practices as they grew frustrated by hospital policies, wait times for surgical rooms, and delays in new equipment. Advances in technology and newer anesthesia drugs to help patients recover more quickly from grogginess have enabled more surgeries to be performed on an outpatient basis. ASCs might focus on general surgical procedures that involve the abdomen, whereas specialized surgical centers focus on orthopedic surgery, plastic surgery, and gynecologic surgery. Some centers offer a combination of both general and specialized surgeries. Outpatient surgery is a major contributor to growth in ambulatory care. Approximately 8 million surgeries are performed in 4,000 ASCs annually. The most common procedure areas include ophthalmology; gastroenterology; orthopedic; ear, nose, and throat; gynecology; and plastic surgery. ASCs contribute to healthcare cost containment. Procedures at ASCs cost nearly 50% less than inpatient surgeries. Hospitals have ownership interest in 21% of ASCs and have sole ownership in 3% of ASCs. Patient surveys indicate over 90% customer satisfaction with their care and service (ASCA, 2016). **Health Centers** (HCs), which originated in the 1960s as part of the war on poverty, are organizations that provide culturally competent primary healthcare services to the uninsured or indigent population such as minorities, infants and children, patients with HIV, substance abusers, homeless persons, and migrant workers. They are supported by the Health Resources and Services Administration (HRSA) and operate on four fundamentals:

1. Located in high-service-need community;
2. Governed by a community board;
3. Provide comprehensive primary care; and
4. Must achieve performance objectives (HRSA, 2016b).

HCs often are located in urban and rural areas where there is a designated need. They enter a contract with the state or local health department to provide services to designated populations. They also provide links with social workers, Medicaid, and Health Insurance Program (HIP). As part of the ACA, funding increased for HCs. HCs may be organized as part of the local health department or other health service; they also operate at schools. In 2014, over 1,000 HCs received federal funding, providing care to over 22 million patients. HCs provide more preventive services to their designated populations, including healthcare education, mammograms, pap smears, and adult immunizations, than do other healthcare providers (DHHS, 2016c; Community Health Centers, 2016).

Home Health Agencies

Home health agencies and **visiting nurse agencies** provide medical services in a patient's home. The earliest form of home health care was developed by Lillian Wald, who created the Visiting Nurse Service of New York in 1893 to service the poor. In 1909, she persuaded the Metropolitan Life Insurance Company to include nursing home care in their policies (Lilian Wald, 2016). This care is often provided to elderly or disabled individuals or patients who are too weak to come to the hospital or physician's office or have just been released from the hospital. Contemporary home health services include both medical and social services, incorporating skilled nursing care and home health aide care, such as dispensing medications, assisting with activities of daily living, and meal planning. Physical, speech, and occupational therapy can also be provided at home. Medical equipment such as oxygen tanks and hospital beds may also be provided. Annually, approximately 4.7 million people receive home health services that are provided by approximately 12,000 agencies. These agencies can be private