



# PREPARED TO CARE

The 24/7 Role  
of America's  
Full-service Hospitals



American Hospital  
Association



# PREPARED TO CARE: EXECUTIVE SUMMARY

Full-service hospitals are vital to meeting the health care needs of the communities they serve. They provide a wide range of acute care and diagnostic services, support public health needs, and offer a myriad of other programs. While many of these roles also are performed by other health care providers, three are unique to hospitals:

- **24/7 Access to Care:** The provision of health care services 24-hours a day, seven days a week (24/7), 365 days a year;
- **The Safety Net Role:** Caring for all patients who seek emergency care regardless of ability to pay;
- **Disaster Readiness and Response:** Ensuring that staff and facilities are prepared to care

for victims of large-scale accidents, natural disasters, epidemics and terrorist actions.

These critical roles – which comprise the “standby” role for this report – while often taken for granted, represent an essential component of our nation’s health and public safety infrastructure.

Despite its importance, the standby role is not explicitly funded. Until a patient arrives with an emergency need, there is no payment for the staff and facility to be at the ready. The terrorist attacks of September 11, 2001 and the aftermath of Hurricane Katrina in 2005 have heightened awareness of the need for disaster readiness, but federal support is still limited for hospitals. Without explicit funding, the standby role is built into the cost structure of full-service hospitals and supported by revenues from direct patient care.

Hospitals today face increasing challenges in maintaining this role, such as increasing demand, staffing and space constraints, greater expectations for preparedness, the erosion of financial support from government payors, and the loss of patients to the growing number of limited-service health care providers – physician-owned limited-service hospitals, ambulatory surgery centers, and others – that do not fulfill the standby role.

This report explores the standby role and its critical importance to the health care system; analyzes the nature of demand and the basic and specialized resources required to meet it; outlines the capacity and financing pressures hospitals face in maintaining the standby role; and frames critical economic and policy questions that must be addressed to ensure future hospital standby capacity can meet the growing health and public safety challenges.

This study uses primary and secondary research to explore these roles, including a review of published reports and studies, analyses of publicly available datasets, over 30 interviews with health care professionals, and site visits to four hospitals representing a range of services and demographics. The hospitals visited include Beartooth Hospital in Red Lodge, MT, a 15-bed critical access hospital; King’s Daughter Medical Center in Brookhaven, MS, a 122-bed rural hospital; New Britain General Hospital, a 350-bed suburban hospital in CT; and Barnes-Jewish Hospital in St. Louis, MO, a 1,000-bed urban Level I trauma center. The authors wish to thank all the participants.

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# KEY FINDINGS

## 24/7 Access to Care

### ■ Americans rely heavily on the 24-hour access to care provided by hospital emergency departments (ED), and this need is growing.

- ED visits have increased by nearly 25 percent over the last decade.
- In 2004 there were 112.6 million ED visits.
- One-third of hospital care begins in the ED.
- The majority of ED patients require immediate care.
- More than half of ED care occurs outside of normal business hours.

### ■ The many different and unpredictable needs of emergency care patients require hospitals to maintain an extensive array of resources.

- Patient visit volume can vary by well over 100 percent, hour to hour and day to day.
- Maintaining capacity to provide emergency care 24/7 requires staffing in multiple areas including the ED, laboratory, radiology, pharmacy, surgical services, general and intensive care units, labor and delivery, plus on-call physicians.
- A large urban hospital emergency department can expect to see – and must be prepared to treat – more than 1,500 *unique patient conditions*.
- Small and rural hospitals are equipped to treat many conditions, and when necessary, stabilize more severely ill and injured patients and transfer them to regional referral centers.

## The Safety Net Role

### ■ Often lacking a “medical home,” Medicaid beneficiaries and people without health care coverage – together, 103 million individuals – disproportionately look to the hospital ED as their access point for care.

- From 1998 to 2003, visits to the ED by Medicaid and uninsured patients grew by 22 percent, compared to just 10 percent among privately-insured patients.
- EDs care for more than twice the proportion of uninsured and Medicaid patients than physician offices.
- Medicaid now covers over 57 million people, including 28 million children.
- One in seven Americans lacks health care coverage. Eight of 10 uninsured individuals are in working families. Of the nearly 46 million uninsured, nine million are children.
- Hospitals provided \$26.9 billion in uncompensated care in 2004.

## Disaster Readiness and Response

### ■ September 11th, Hurricane Katrina, and the threat of pandemic flu have increased the national assessment of the

### likelihood of disaster and raised the bar for preparedness.

- In times of disaster, communities look to hospitals not only to mobilize the resources to care for the ill and injured but also to provide food and shelter, and coordinate relief and recovery efforts.
- To be at the ready hospitals need:
  - Comprehensive community disaster plans for a wide array of potential events each with diverse action requirements.
  - Back-up generators and communications systems, personal protective gear, decontamination units, stockpiled medical supplies, training, drills, and surveillance systems in addition to the surge capacity to meet the needs of large numbers of ill and injured patients.

## Challenges to Maintaining the Standby Role

### ■ While patient demand for standby services is increasing, capacity is constrained.

- As ED visits rise, the number of hospitals providing emergency care has declined.
- A 2006 AHA survey found half of EDs report operating “at” or “over” capacity.
- Hospitals also face a growing shortage of caregivers and clinical technicians. By 2020, the U.S. is expected to experience a shortage of 84,000 physicians and over 1 million registered nurses.

### ■ The standby role is not explicitly funded; instead it is built into the overall cost structure of full-service hospitals and supported by revenues received from providing direct patient care. However, the ability to generate sufficient funds from patient care to support this role is increasingly at risk.

- Full-service hospitals are losing favorably reimbursed elective diagnostic and surgical care patients necessary to fund the standby role to providers such as physician-owned, limited-service hospitals and ambulatory surgery centers that provide little if any emergency or safety net care and do not act as first responders during disasters.
- Government payers do not cover the cost of care for Medicare and Medicaid beneficiaries. In 2004, the shortfall from these programs exceeded \$22 billion. Medicare and Medicaid enrollment is projected to grow from 98 million in 2004 to over 106 million in 2010.
- Hospital’s uncompensated care is expected to continue to rise as the number of uninsured is projected to reach nearly 48 million by 2010.

**The role of full-service hospitals is unique:** always there, for all populations, from the routine to the catastrophic. Rising demand, constrained capacity and the erosion of financing are putting this role at risk. This raises important questions for policy makers about how to ensure this critical part of our nation’s health care infrastructure can meet current and future challenges.



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