



American Hospital
Association®

PREPARED TO CARE

The 24/7 Standby Role of America's Hospitals



EXECUTIVE SUMMARY

America's hospitals are vital to meeting the health care needs of the communities they serve by providing a wide range of acute-care and diagnostic services, supporting public health needs, and offering myriad other community services to promote the health and well-being of the community. While many of these services also are provided by other health care providers, three things make the role of the hospital unique:

24/7 ACCESS TO CARE: The provision of health care services, including specialized resources, 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; and

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 – collectively known as the “standby” role – while often taken for granted, represent an essential component of our nation's health and public safety infrastructure.

Despite its importance to communities and the nation as a whole, 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, the aftermath of Hurricane Katrina in 2005, recent mass shootings, and the threat of pandemic flu 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 hospitals and supported

by revenues from direct patient care – a situation that does not exist for any other type of provider.

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 payers, and the loss of patients to other settings that do not have the added costs of fulfilling 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.

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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 (EDs), and this need is growing.

- ED visits have increased by 22% over the past decade.
- In 2011, there were more than 129 million ED visits.
- 44% 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%, 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, and labor and delivery, plus on-call physicians.
- A large urban hospital ED can expect to see – and must be prepared to treat – more than 1,600 *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 insurance coverage – together, more than 118 million individuals – disproportionately look to the hospital ED as their access point for care.

- One in six Americans lacks health care coverage. Seven of 10 uninsured individuals of working age are employed. Of the nearly 49 million uninsured, nearly 8 million are children.

- Medicaid now covers over 69 million people, including 33 million children.
- From 2004 to 2009, visits to the ED by Medicaid and uninsured patients grew by 42%, compared to just 23% overall.
- 45% of ED patients have Medicaid or are uninsured compared to only 17% for physician offices.
- Hospitals provided \$39.3 billion in uncompensated care in 2010 as well as many other community benefits.

DISASTER READINESS AND RESPONSE

September 11 and other terrorist threats, catastrophic hurricanes, multiple devastating tornados and the threat of pandemic flu have increased the national assessment of the likelihood of disaster and raised the bar for disaster 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

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 2010 AHA survey found half of EDs report operating “at” or “over” capacity.
- Hospitals also face a projected need for nearly 900,000 additional caregivers and other staff between now and 2020.

The standby role is not explicitly funded; instead it is built into the overall cost structure of the hospitals that perform this role 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.

- Government payers do not cover the cost of care for Medicare and Medicaid beneficiaries. In 2010, the shortfall from these programs approached \$28 billion. And Medicare and Medicaid enrollment is projected to grow from 118 million in 2011 to more than 156 million in 2020 with the implementation of the *Patient Protection and Affordable Care Act of 2010*.

- Hospitals’ uncompensated care continues to rise, growing 82% from 2000 to 2010.
- Despite the unique role played by hospitals and its associated costs, policymakers have proposed cutting payments to hospitals for certain outpatient services so the total payment would be equal to that paid in physician offices.
- Hospitals are increasingly losing favorably reimbursed elective diagnostic and surgical care patients necessary to fund the standby role to providers such as physician offices, 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.

THE ROLE OF HOSPITALS IS UNIQUE: Always there, for all populations, ready to care, 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 policymakers about how to ensure this critical part of our nation’s health care infrastructure can meet current and future challenges.