Chapter Outline

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Chapter Summary

The U.S. health care delivery system has shifted from the hospital to the use of ambulatory care. Ambulatory care is made up all health care services that do not require overnight hospitalization. The emergence of ambulatory care has stemmed from cost reduction incentives, technology breakthroughs, and the expansion of outpatient accommodations.

Beginning in the 1980's, the initiation of the diagnosis-related group (DRG) payment system provided financial incentives for hospitals to decrease the duration of inpatient stays and to increase service efficiency. Hospitals responded by allocating the more expensive inpatient procedures and services to more efficient ambulatory care facilities. Ambulatory care capacity has expanded greatly since the 1980's by adding capacity in both the hospital-based and non-hospital based ("free-standing") settings. An increasing trend in consumer demand for facilities and services that are conveniently located and easily accessible was a contributing factor to the growth of ambulatory care. Also, hospitals recognized that some types of ambulatory care such as surgery could be operated most efficiently off site, removed from the complexities of a system that has to accommodate a variety of provider and patient needs. The proliferation of ambulatory care has lead to the rise of independent, for-profit corporations' free standing facilities, primary, specialty, and surgical services facilities.

Private physician office practices constitute the predominant mode of ambulatory care in the United States. In 2000, the National Center for Health Statistics estimated that 823.5 million visits were made to physician offices. Before 1950, most physicians operated solo practices. However, since the rise in specialization, changing economics, and desire of more control over their lifestyles physicians group together to practice in a coordinated arrangement. Furthermore, rising mal-practice insurance costs began to rise dramatically

in the 1970s, which contributed to the shift to group practice. Physicians realized that group practice could provide major economies of scale in office operations by sharing administrative overhead.

In addition to physicians, there are a number of other licensed health care professionals who conduct practices independently. Amongst the most common are dentists, podiatrists, social workers, psychologists, physical therapists, and optometrists.

Acute care voluntary hospitals have operated outpatient clinics since the nineteenth century. These types of facilities were and still are mainly located in urban areas whose indigent populations lack access to private medical care. These clinics were intended to fulfill care for the needy and provide a training environment for researchers and medical students.

Hospital outpatient clinics of today are light years apart from those 20 years ago. No longer are they a place where physicians are reluctant to work and they are increasingly organized, well equipped, and customer oriented. In 1980, outpatient services revenue accounted for 13% of total voluntary hospital revenues. As one can see in figure 1, this figure rose dramatically throughout the 1980s and in 2001 is represented 35.8%.

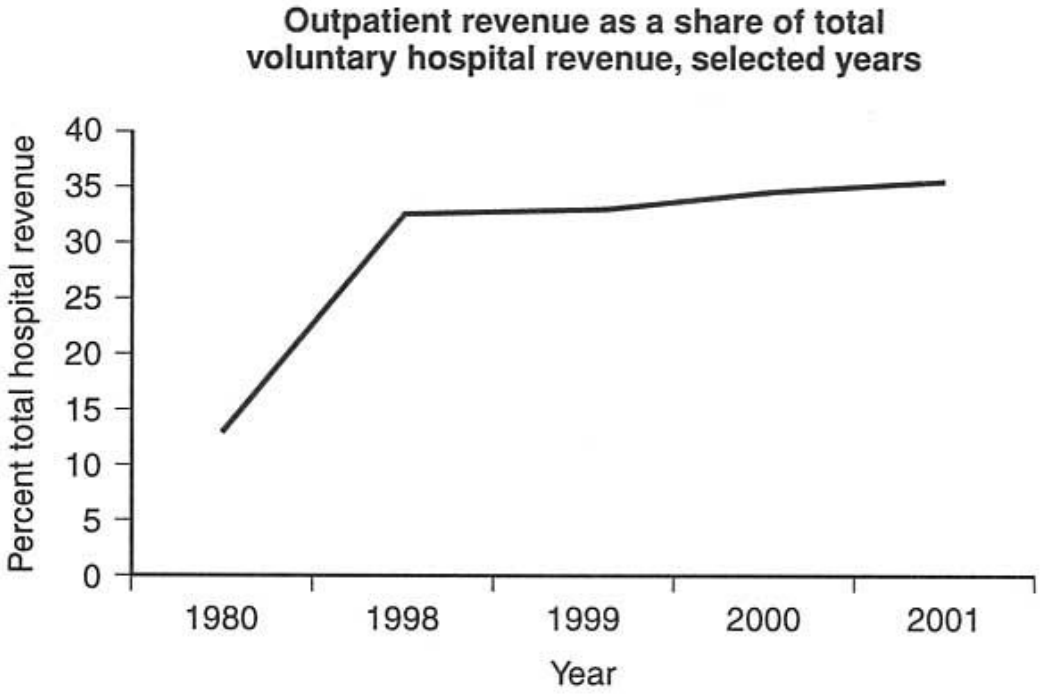

Figure 1

Over 90% of all U.S. community hospitals provide emergency services. In 2000, there were an estimated 108 million visits to hospital emergency departments, a 14% increase from 1997. This can be attributed to the population growth and the numbers of older Americans. Although emergency departments are equipped to care for life-threatening illness or injury, the public increasingly looks to them for medical care that ranges from

unnecessary to routine (non-urgent). In figure 2, one can see the percentage of urgent and emergent patients to those with not as life-threatening illness or injury.

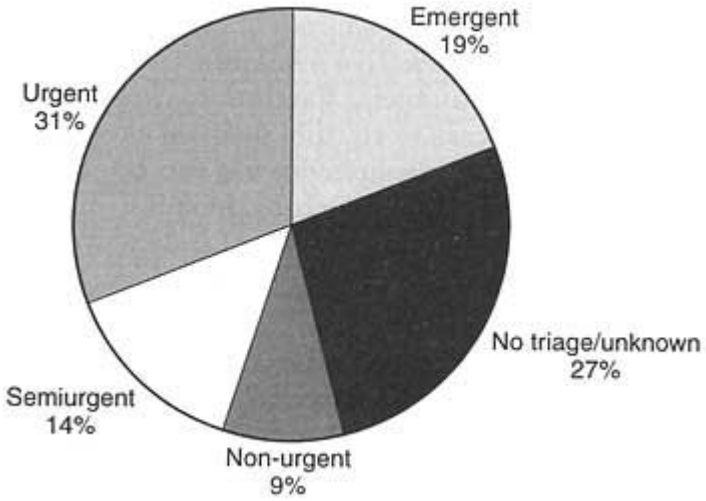

Figure 2

Many hospital systems, independent entities, and chains operate multiple ambulatory care facilities that provide a wide range of services, including surgery, occupational health, physical rehabilitation, substance abuse treatment, cancer treatment, diagnostic imaging, sports medicine, urgent/emergent care. With technological advances and consumer demand for convenience free-standing services have become a major component of the health care delivery system. All of the following are examples of free standing services:

- Primary Care Centers – can staff physicians, registered nurses, laboratory personnel, administrative personnel.
- Urgent/Emergent Care Centers – Alternative to the hospital emergency department.
- Ambulatory Surgery Centers – ambulatory or outpatient surgery centers
    - Account for over 50% of all surgeries performed.
    - In 1997, ambulatory surgery industry revenues totaled $5 billion.
- Community Health Centers – "Neighborhood health centers" designed for patients that are medically indigent

Terms

AMA – American Medical Association
GHI – Group Health Insurance
CT – Computed tomography scanning
MRI – Magnetic resonance imaging
WIC – Women, Infant and Children supplemental nutrition program.
Triage –Process of sorting patients for medical treatment pertaining to emergency departments.

Ambulatory Care – health care services that do not require overnight hospitalization.
Outpatient – a patient who receives treatment in a clinic or emergency room and does not require overnight hospitalization.
Emergent – patients in need of immediate care.
Voluntary Care Agencies – not-for-profit agencies established by special interest groups that offer a variety of ambulatory care services.