Why some hospitals have to close

While task force seeks an integrated system, province wants big savings that can't be easily found elsewhere

By JONATHAN LOMAS
Second of two articles

The night after the Health Action Task Force report was released, Hamilton-Wentworth Regional Councillor Marvin Caplan called on his colleagues to at least read the report before voting to denounce its recommendations to close hospitals in Hamilton-Wentworth.

They ignored his pleas, he left the room, and regional council voted unanimously to send a letter to the premier demanding no hospital closures in Hamilton-Wentworth.

On what grounds can they justify such disrespect for their fellow citizens on the task force? Do they support the idea of restructuring our health care system in the absence of information? Or did they feel they already knew enough about the health care system's (not just hospitals') needs to make an informed policy decision?

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The regional councillors (and The Spectator) are falling into one of the commonest traps along the road to an integrated health care system — using hospitals as the focal point of restructuring. It is not that hospitals are not important. They are important. They deliver many of the specialized services we need. But less than 10 per cent of us are hospitalized each year, yet 90 per cent of us use primary care — our first and often only contact with the system. Restructuring a health care system around the hospitals would be like General Motors restructuring around the needs of its dealers' repair shops.

Creating a system

As discussed in yesterday's article, the task force has declared that the highest priority is to *create* a system for health care in Hamilton-Wentworth, and the building block for that is primary care. The need is for integration, both across the many unco-ordinated elements of primary care and between these and the hospitals.

The goal is not to preserve hospitals, although their importance to the local economy as well as to health care should not be treated lightly. Rather, the goal is to build a system that better serves the needs of local citizens for all types of health care services, from advice about healthy shopping habits, through counselling for substance abuse, homemakers for the disabled housebound, nursing advice for the new mother, and on to routine and specialized physician and hospital care.

The mechanism for integration proposed by the task force is a system of contracts (it calls them letters of agreement) between a Hamilton-Wentworth Health Systems Board and all the players either funding or delivering health care. Remarkable as it may seem, such contractual relationships are an innovation in health care!

The board would have an agreement with the funder, the Ontario Ministry of Health, that monies would be given out according to a region-wide plan established by the board. This plan would consist of a series of contracts between the board and each of the various health care organizations, from small agencies through organized networks delivering comprehensive primary care, home care, nursing homes and on to hospitals and the university.

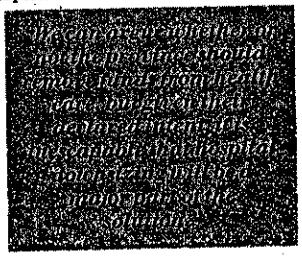
The contracts will specify what is expected of the organization, that is, what services it will deliver, with whom it should co-ordinate programs, what outcomes are expected and so on, and what monies it will receive. The negotiation of these contracts across the system will constitute the planning process, presumably informed by the broad community interest represented by the board.

This raises the question of who will sit on the board. The task force proposes a three-year phase-in process that will see the board move from largely health-care employee and management representation to appointed citizens recruited on the basis of "a balance of perspectives, expertise and skills . . . ability to place the interests of the system ahead of the interests of individual organizations . . . their commitment to the community and to a systems 'culture'."

The board's activities would be funded by the transfer of existing District Health Council resources and by contributions from health care organizations across the region. The board would in effect become the Hamilton-Wentworth Minister of Health, except for one potentially important omission — final resource allocation would still be done at Queen's Park in Toronto.

Weaknesses in board

Whether an integrated health care system can actually be created by community appointees contractually facilitating, cajoling and badgering organizations into doing better is not at all clear. Contracts with performance expectations have proved to be powerful tools for reorganizing health care in many countries. Indeed, these appear to be the most powerful tool of health reform at the moment.



Waiting time and co-ordination improved in Britain when they gave some family physicians the power to contract for the services their patients needed. New Zealand reports some success in restructuring its system around regional boards that contract with providers. But these and other countries' use of contracts different from the task force proposal in two important ways.

First, the board (or other organization) doing the negotiating is unambiguously a contracting purchaser. It has no representation from the provider organizations with whom it signs contracts, otherwise the board is in the fairly obvious conflict of negotiating with itself! The task force proposal is clear that such providers *will* be part of the initial board, and ambiguous about whether they will participate on the eventual board.

Second, the negotiators in other countries have more than the power of moral suasion and nagging at their disposal as enforcement for the negotiated contracts. They all hold, and can therefore withhold, the funds that are paid in return for meeting the performance expectations of the contract. Few appear to use this power precipitously, but its existence alone appears to concentrate the mind of most providers. As the cartoonist Pogo said, "You don't read the writing on the wall until your back is against it," and, to mix anatomical metaphors further, the proposed Health System Board in Hamilton-Wentworth may well not have the teeth to hold health-care providers' feet to the fire.

It is not difficult to imagine, given the current outcry about hospital closure, that unpopular decisions taken by the board in the broader context of the system would get overturned by the province in response to powerful pressure from the affected parties. Such a piecemeal implementation of the board's plan may do more harm than just leaving things as they are.

Although the task force's proposal to let final resource allocations remain in the hands of the province probably reflects an accurate reading of the current government's centralist approach, it may well doom the proposed board to a life of "pushing on a string" when it comes to the local health care purse. Either the money should come down to the board, or the task of negotiating the contracts should rest with the budget-holding Ministry of Health or its managers in Hamilton-Wentworth.

Closing hospitals

After reformed primary care and improved integration through the use of contracts by a board, hospital downsizing is the last and most debated thrust of the task force's report.

This is the portion of the report that deals less with longterm creation of a system for health care in Hamilton-Wentworth and more with the fiscal reality that looms in the shortterm. It must be dealt with in order to get at the tasks of primary care reform and systems integration. As the old Swahili expression says, "You must get the hyena off your foot before you can look at the scenery."

There is a simple answer as to why the hospitals are facing the biggest crunch from this fiscal reality. It was given by Willie Sutton when he was asked why he robbed banks: "Because that's where the money is."

If savings do not come from the hospitals, they must be distributed across everything else in the system. Everything else in the system consists of organizations with small budgets less able to absorb the hits, providers with existing contracts or union agreements, or non-profit agencies struggling to deliver the kind of innovative primary care that citizens told the task force they want more of.

We can argue whether or not the province *should* remove funds from health care, but given their declared intent, it is inescapable that hospital downsizing will be a major part of the solution.

To be fair to the hospitals, they have already recognized this. Prior to, and during, the task force's deliberations, they came up with a series of mergers and shared-service agreements designed to reduce their portion of the local funds. None of their proposals, however, involved reducing the number of sites used to deliver hospital care and therefore none would likely result in savings of the magnitude needed.

The problem is that a hospital is a very expensive thing to run, even if it has only one bed. The ongoing cost is enormous just to maintain the buildings and equipment, to staff a laboratory or operating room, to have the X-rays available, and so on.

Mergers aren't enough

In a recent review of the research on mergers and other shared arrangements, a colleague and I could not uncover evidence to support significant savings if there was no reduction in the number of hospital sites. Closing one or more hospitals and redistributing services among those that remain may be the only way to maintain a reasonable level of hospital care while still making savings in the overall cost.

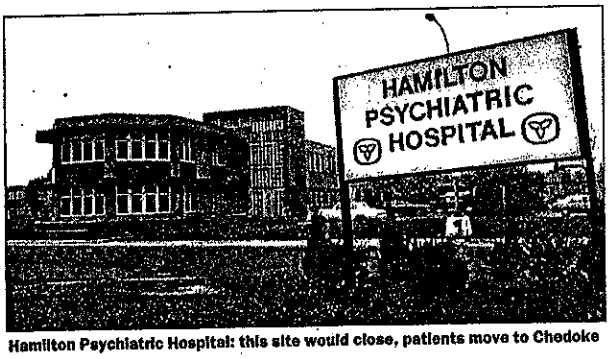
This is clearly the judgment of the task force when it states that "it will be possible for Hamilton-Wentworth hospitals to provide more care with even fewer beds by the year 2000." Their target of 432 patient days per thousand population is certainly well in line with what is being achieved in health care systems in other countries. Hospitals will have to rely on more day surgery and other short-stay options, but these are feasible innovations already implemented in many other places both in and outside Canada.

In addition, the task force's estimates appear to rely only on currently available surgical and diagnostic innovations. In an era when U.S. researchers are seriously claiming that within a decade they can perfect the technology to do coronary artery bypass surgery on a short-stay basis, surely there will be further innovations to help the hospitals meet the target.

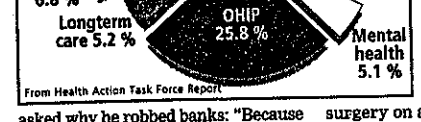
There is probably no right answer to the question of *which* hospital(s) should close, only a certainty that one or more *should* close. The choice will emerge from the political process now playing out in the aftermath of the task force's report.

If, however, these processes lead to no closures but continued expectations for cuts in health-care funding, then it will be the small community agencies that suffer. There will be decimation of those aspects of the health care system that already appear undervalued compared to their contribution to the health of Hamilton-Wentworth's citizens.

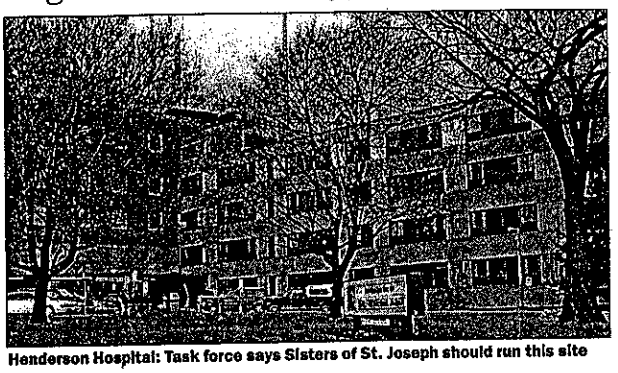
Citizen input to the task force expressed a clear desire for more disease prevention, health promotion and community-based services. These are exactly the kinds of services that will be compromised if our regional councillors' letter to the premier proves to be an effective political, if uninformed policy, initiative.



Hamilton Psychiatric Hospital: this site would close, patients move to Chedoke



St. Joseph's Hospital: Task force recommends this hospital be closed



Henderson Hospital: Task force says Sisters of St. Joseph should run this site

Hamilton Spectator Mar 29/96