

Are US Hospitals Keeping Up?

Evidence Shows Positive Trends in Hospital Productivity

Hospitals and the Cost-Disease Theory

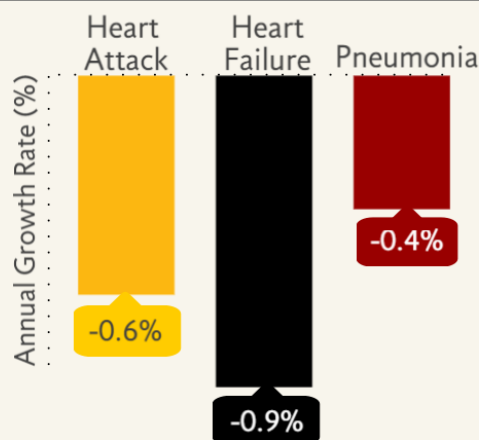
Heavy reliance on labor limits improved efficiencies from technology, slowing productivity growth.



Scheduled Medicare cuts will require hospitals to provide care for less money, meaning hospital productivity must increase.



Previous studies have shown negative hospital productivity growth...



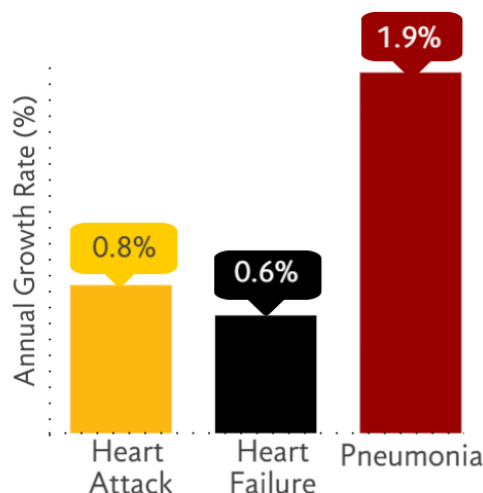
Without controlling for severity of illness and post-treatment outcomes, hospital productivity appears negative.

Previous studies by the Bureau of Labor Statistics and others have not adequately controlled for these factors.

But the story changes when accounting for illness severity and post-treatment outcomes...

When accounting for severity of illness and how the patient fared after treatment, annual rates of productivity growth significantly improved.

When accounting for these key factors, the health system may actually be outperforming expectations.



“The Affordable Care Act asks hospitals and other health care providers to achieve the level of productivity gains seen in the rest of the economy. In recent years, U.S. hospitals have actually managed to make that kind of improvement in treating a number of important conditions.”

-John Romley,
Schaeffer Center Economist