

Hospital Closures: 1990 - 1999

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1730 K. Street, Suite 800
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Dear Mr. Kerns:

This report responds to your request for information on the closure, opening, and reopening of hospitals in the United States during the 1990's.

For the past thirteen years, the Office of Inspector General (OIG) has released reports describing the extent, characteristics, reasons for, and impact of hospital closures in the United States. The hospital closure reports focused on general, short-term, acute inpatient care hospitals.

We analyzed trend data on hospital closures, openings, and reopenings from 1990 through 1999. Based on our analysis, the United States ended the 1990's with 340 fewer general, short term, acute care hospitals than when the decade began. In total, 440 hospitals closed, 78 hospitals opened, and 22 previously closed hospitals reopened. Fifty-eight percent (254) of the hospitals that closed were located in urban communities. The remaining 42 percent (186) were located in rural communities.

The following pages details our study methodology and findings.

I hope this information is helpful in meeting your needs. If you have any questions, please do not hesitate to contact me or Graham Rawsthorn at 404-562-7723.

Sincerely,

Jesse J. Flowers
Regional Inspector General for
Evaluation and Inspections

METHODOLOGY

We analyzed 10 years of data that we collected as part of our annual tracking of hospital closures, openings, and reopenings throughout the United States.

We used the Centers for Medicare & Medicaid Services' (CMS) Hospital Cost Report Information System (HCRIS) data to identify general, short-term, acute inpatient care hospitals. We further analyzed the HCRIS data to determine if hospitals that closed were located in urban or rural communities. To verify the status of hospitals, we obtained information from State licensing and certification agencies, State health planning agencies, State hospital associations, local public officials, and officials associated with closed hospitals or nearby hospitals.

We considered a hospital closed only if it stopped providing general, short-term, acute inpatient care for the calendar year of study. We did not consider a hospital closed if it:

- ! Merged with or was sold to another hospital but the physical plant continued to provide inpatient acute care,
- ! Converted to a critical access status, or
- ! Both closed and reopened in the same calendar year and physical plant.

HOSPITAL CLOSURES

The number of hospital closures were generally low throughout the 1990's. The lowest number of closures occurred in 1994 as shown in the following table.

HOSPITAL CLOSURES: 1990 - 1999			
Calendar Year	Rural	Urban	Total
1990	28	28	56
1991	36	21	57
1992	26	24	50
1993	22	20	42
1994	5	11	16
1995	13	24	37
1996	10	27	37
1997	10	28	38
1998	15	28	43
1999	21	43	64
1990-1999	186	254	440
Percent of Closures	42%	58%	

Our data shows that hospital closures were generally proportionate to the rural/urban dispersion of hospitals. To illustrate, 45 percent of the nation's hospitals were located in rural communities. Over the past decade, rural communities accounted for 42 percent of hospital closures. Likewise, 55 percent of the nation's hospitals were located in urban communities and they accounted for 58 percent of hospital closures.

HOSPITAL OPENINGS AND REOPENINGS

During the 1990's, hospital openings and reopenings fluctuated. On average, eight hospitals opened or reopened each year from 1990 through 1997. However, during 1998 and 1999, we found a substantial increase in the number of hospitals that opened or reopened. The average for the last two years of the decade was 18 hospitals. As shown in the following table, 100 hospitals either opened or reopened from 1990 through 1999.

HOSPITAL OPENINGS AND REOPENINGS: 1990 - 1999			
Calendar Year	Openings	Reopenings	Total
1990	7	2	9
1991	8	1	9
1992	7	0	7
1993	8	5	13
1994	6	7	13
1995	4	1	5
1996	4	1	5
1997	2	1	3
1998	12	2	14
1999	20	2	22
1990-1999	78	22	100

NET EFFECT OF CLOSURES, OPENINGS, AND REOPENINGS

The United States ended the 1990's with 340 fewer hospitals than when the decade began. As shown in the following table, the most (net) closures came early in the decade. The fewest number (net) of closures was in 1994 -- three hospitals closed.

NET EFFECT OF CLOSURES, OPENINGS, AND REOPENINGS: 1990 - 1999				
Calendar Year	Close	Open	Reopen	Net Closures
1990	56	7	2	47
1991	57	8	1	48
1992	50	7	0	43
1993	42	8	5	29
1994	16	6	7	3
1995	37	4	1	32
1996	37	4	1	32
1997	38	2	1	35
1998	43	12	2	29
1999	64	20	2	42
1990-1999	440	78	22	340

Beginning in 1998, we tracked whether hospitals that opened or reopened were located in rural or urban communities. The following table shows the net effect of closures, openings, and reopenings by rural and urban communities.

NET EFFECT ON RURAL AND URBAN COMMUNITIES: 1998 - 1999								
Calendar Year	Closure		Opening		Reopening		Net Closures	
	Rural	Urban	Rural	Urban	Rural	Urban	Rural	Urban
1998	15	28	3	9	1	1	11	18
1999	21	43	6	14	0	2	15	27
1998-1999	36	71	9	23	1	3	26	45