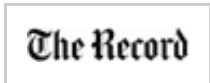


# THE CHANGING HEALTH-CARE MARKET



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11-10-1991

THE CHANGING HEALTH-CARE MARKET -- HOSPITALS MUST LOOK BEYOND THEIR FOUR WALLS

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Date: 11-10-1991, Sunday

Section: BUSINESS

Edition: All Editions -- Sunday

Column: BUSINESS FORUM

To stay strong and competitive, hospitals are changing their traditional views of growth, moving beyond their own corridors and out into the community, says Jeffrey Moll, president of Beth Israel Hospital in Passaic. Providing more services outside the hospital or on an outpatient CQ basis is key to keeping up with the changing demands of the health-care market, says Moll, an expert in health-care planning.

Traditionally, the strength of New Jersey hospitals has been measured in terms of the number of inpatients compared with the number of beds.

This view has been a standard for many hospital administrators, managers, and board members, as well as market analysts. It is on this perception that the usual course of market growth has been based -- typically, the expansion of the hospital campus itself.

Interestingly enough, many analysts and state officials continue to define a hospital's primary assets in terms of its physical plant and bed capacity. However, most managers have begun to realize that this standard no longer applies -- that "the bed is dead" within the health-care market.

Lately, the primary growth in hospital activity nationwide has been in outpatient services.

Although 90 percent of a hospital's business may have been inpatients 15 years ago, that figure is declining. According to statistics released by the New Jersey Hospital Association, the length of inpatient stays has decreased 16.5 percent since 1980, while outpatient visits have increased 63 percent.

In fact, gross outpatient revenue at New Jersey hospitals has increased approximately 232 percent in 10 years, compared with a 99 percent increase in inpatient revenues.

This change within the market has forced administrators to revise their health-care concepts and explore the potential for expanding beyond their traditional four walls.

Although health care is a necessary community service, it is also a business, and basic business practice dictates that services be tailored to meet market demand.

The market is now requiring medical facilities to reach out to the community. No longer does strategic planning simply translate into physical expansion, with the intent of accommodating larger inpatient populations. Those who wish to survive in the struggling New Jersey economy must reevaluate their strategies and adopt new policies that meet the growing realities of the health-care market.

Many hospitals have already begun to respond to these demands. In fact, the surge in programs conducted off hospital grounds illustrates industry efforts to adjust to the market. For instance, although house calls are a thing of the past for lots of doctors, many New Jersey hospitals have resuscitated similar services to accommodate changing needs.

Home health care in this state has undergone overwhelming growth, with nurses, dieticians, and other practitioners visiting patients.

Beth Israel alone had a 30 percent increase in such visits in 1990

compared with 1989, which was already up 20 percent from the year before. In the first eight months of this year, the hospital has been responsible for 80,000 visits to patients' homes -- a 35 percent increase over last year.

Many hospitals are also starting to develop other forms of community programs. For example, some send medical vans directly to high-density neighborhoods that are often low-income as well. Immunization, screenings, physical exams, and health education will soon be conducted on location, often at a work site.

In addition to conducting extensive education programs at the workplace, many hospitals conduct screenings for cancer, substance abuse, high cholesterol, and other disorders.

Many hospitals have begun to establish satellite offices. Off-site medical centers are becoming the norm rather than the exception, gaining significant popularity and credibility with patients.

The rise in "urgent care" facilities showed the industry that such programs were not only possible but necessary. Convenience is an important priority in today's society, so alternative medical care is welcome.

The perception of quality care no longer centers on a hospital bed. Patients who once used emergency rooms (sometimes inappropriately) are now using off-site facilities. People have even grown accustomed to seeking treatment at facilities within shopping centers.

Experiences within our own cancer unit are an example of the trend for off-site care.

Although cancer treatment may have once been considered an inpatient procedure, Beth Israel has witnessed a major move to outpatient services. Outpatient chemotherapy has skyrocketed about 300 percent over the last decade, and about 90 percent of radiation therapy is done on an outpatient basis.

Indeed, Beth Israel's recent plans for physical expansion have

emphasized outpatient cancer treatment and same-day surgery.

To remain competitive, administrators must reconfigure their four walls to allow for new technology; they must redesign them to accommodate growing outpatient services.

In the future, patients may not even realize they are going to the hospital.

Illustrations/Photos: PHOTO - JEFFREY MOLL. DRAWING - WILLIAM HOGAN / THE RECORD.

Keywords: HOSPITAL. INDUSTRY. HEALTH. FINANCE. STATISTIC. FORECAST

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