

5-Minute Briefing ...

*A periodic issues briefing on healthcare's hottest topics
from the New Jersey Hospital Association*

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Recession's Impact on Hospitals

Despite some glimmer of recovery, the economic downturn continues to impact N.J. hospitals through the loss of jobs and services, according to a recent survey of New Jersey's acute care hospitals.

The second annual survey, conducted by the New Jersey Hospital Association, revealed:

- Nearly half of the state's hospitals reduced jobs by laying off employees (43 percent) and eliminating vacant positions (48 percent) in 2009.
- One out of three hospitals froze employee wages in 2009.
- About one-quarter of hospitals implemented a hiring freeze in 2009.
- Nearly one-quarter of hospitals curtailed services in 2009, up from 17 percent in 2008.

Eliminated programs included pediatric inpatient services and behavioral health services.

In other survey results, more than half of the state's hospitals said they have delayed building and improvement projects as access to capital tightened and the cost of borrowing funds increased.

In addition, 82 percent of hospitals said they experienced an increase in charity care patients in 2009, and a full 100 percent of hospitals reported a decline in fund raising and philanthropy to support healthcare initiatives for the community.

"Just like other businesses, hospitals continue to feel the economic pressures of the recession," said NJHA President and CEO

Betsy Ryan. "But unlike other businesses, hospitals can't simply adjust by reducing their output or cutting back on hours. Recession or not, our communities rely on hospitals to deliver essential healthcare services 24/7."

The results were based on survey findings from 43 percent of the state's acute care hospitals. The survey was conducted in December 2009.

The results echo the findings of a survey conducted in December 2008 and January 2009 as the full impact of the recession was beginning to impact the state. Those results showed that 45 percent of the state's hospitals had reported layoffs in 2008, 48 percent had eliminated vacant positions and 13 percent had implemented a hiring freeze.

In one departure from last year's findings, hospital utilization rebounded for many hospitals in 2009. About 61 percent of hospitals said their admissions increased in 2009, while 67 percent said they had experienced an increase in elective procedures. Both areas took a hit in last year's survey.

Emergency Department visits also increased for 91 percent of hospitals in 2009.

"When the stock market crashed in October 2008, hospitals noticed an immediate impact of individuals canceling procedures or delaying healthcare services," said Sean Hopkins, NJHA's senior vice president of health economics. "But one year later, it's clear that patients can't ignore their healthcare needs on a long-term basis, and they depend on their local hospitals just as they always have."

MICRO-UPDATE

- A survey of N.J. hospitals shows that hospitals continue to feel the negative impact of the nation's recession.
- Nearly half of the state's hospitals cut jobs in 2009 by laying off employees or eliminating vacant positions.
- Many hospitals implemented wage and hiring freezes.
- Meanwhile, the demand for hospital services increased.