

Hospitals cutting services, staff amid recession

April 27 2009, By LINDA A. JOHNSON , AP Business Writer

(AP) -- Ailing from the recession, many U.S. hospitals have had to begin making painful cuts to patient services and laying off staff, as previous cost-cutting hasn't been enough, an industry survey found.

In previous recessions the health care industry has held up well, but this time hospitals and other health care businesses are hurting. Besieged by financial pressures including more needy and uninsured people, hospitals now are making tough decisions that affect their patients and communities.

The American Hospital Association found 22 percent of hospitals that responded to its March survey have reduced services since the [economic crisis](#) began in September. Those services range from outpatient clinics and behavioral health programs to patient education and home [health care](#) after discharge.

University Medical Center of Southern Nevada had to close its mammography center and started phasing out outpatient [cancer treatment](#) in November, said spokesman Rick Plummer. The decision was made right after Nevada's legislature, squeezed because high unemployment and foreclosure rates have slashed tax revenue, cut about \$30 million from the Las Vegas safety-net hospital's charity care and Medicaid funding.

"It's a domino effect," Plummer said. "We had to make some difficult choices."

He said there women can get [mammograms](#) at plenty of other places, but it's tougher for patients getting chemotherapy and other lengthy cancer treatments.

"Very few other community providers stepped up to the plate," Plummer said, so some patients without health insurance but not poor enough for Medicaid have had trouble getting care. Some have had to make long drives for treatment or even move.

Meanwhile, nine of 10 hospitals said they cut expenses in the first quarter, with eight in 10 cutting administrative spending. Other strategies include eliminating jobs, selling assets, reducing overtime, cutting staff hours, freezing salaries, cutting benefits and reducing supply costs. In addition, some hospitals are considering mergers to reduce costs.

Just under half the hospitals have cut staff, and the number resorting to mass layoffs - 50 or more employees at once - is up.

And while total employment at hospitals grew somewhat in 2008, even as millions of jobs were lost in other industries, hospital employment grew by only 0.1 percent each in January and February and was flat in March. That's according to the federal Bureau of Labor Statistics.

For the first quarter of this year, 43 percent of hospitals said they expected to lose money, up from 26 percent in the first three months of last year. About one in three hospitals saw a drop in the ratio of income to what they must pay creditors. Declines in such measures of financial health can lead creditors to demand immediate repayment of loans.

Meanwhile, many hospitals are seeing increased interest expenses, insurers taking longer to pay their bills, more difficulty or inability to borrow money and other problems. That's led more than three-fourths of hospitals to delay, stop or scale back building projects or upgrades to

medical or information technology.

The survey was sent to all 4,946 community hospitals in the country, and 1,078, or 22 percent, responded. Data was collected from March 5 through March 27. The hospital association said the respondents generally represented all types of hospitals, such as urban, suburban and rural.

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