

## Nonprofit health care often better: study

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By Kim Dixon

CHICAGO (Reuters) - For-profit nursing homes and hospitals on average provide an inferior quality of care compared with their nonprofit peers, according to an extensive review of studies published on Tuesday.

Authors writing in the journal Health Affairs found that a systematic analysis of 162 studies of nonprofit versus for-profit health care providers supports the concept that a facility's ownership status makes a difference in outcomes and in the cost of health care.

"Their work should lay to rest claims that little distinguishes nonprofit versus for-profit health care," University of Michigan professor Jill Horwitz wrote in editorial also running in the policy journal.

The analysis found a pattern of differences between nonprofits and for-profits in cost, quality and accessibility, said Bradford Gray, a principal research associate at the Urban Institute -- a nonprofit research group -- and lead study author.

For-profit ownership is climbing in most sectors of health, from hospitals to hospice care. For example, for-profit hospitals accounted for 11 percent of all hospitals in the early 1990s and now account for 16 percent.

HCA Inc. is the biggest U.S. hospital chain, with about 180 hospitals and \$24 billion in revenue, and is for-profit. The third-biggest hospital chain by number of facilities, after the U.S. Veterans Affairs Department, is Tenet Healthcare Corp., also for-profit.

In what they called the biggest review of the literature to date, authors reported that eight studies found nonprofit hospitals have lower mortality rates, versus one study finding for-profits have lower rates of death.

Nonprofit hospitals are also better at keeping costs down, the review found.

Chip Kahn, president of the Federation of American Hospitals, which represents for-profit hospitals, attacked the data as old and called the study politically motivated.

"These guys have manipulated the data to come up with these conclusions," he said in an interview.

As an alternative, he cited a study by current Medicare administrator Mark McClellan, then a Stanford University professor, finding factors other than ownership status explain differences in quality of care at nonprofit versus for-profit hospitals.

For nursing homes, according to the Health Affairs report, the majority of studies find quality of care better at nonprofits, although for-profit nursing homes are superior at keeping costs down.

The biggest publicly traded nursing home company is Manor Care Inc., which owns 500 nursing homes, assisted living and other centers for seniors.

Officials at a trade group representing the nursing home industry declined comment.

The review comes as some lawmakers on Capitol Hill, led by Republican Sen. Chuck Grassley of Iowa, are asking whether nonprofit hospitals are providing enough community benefits to justify their tax-exempt status.

Nonprofits provide benefits that are not easy to quantify, the study argues. For example, it said, there is evidence that for-profits are more likely to mark up prices to maximize revenue and to have complaints lodged against them.

There is also evidence that nonprofits have a "spillover effect" in markets where they co-exist with for-profits, the study said. That is, they "enhance the quality and trustworthiness" of for-profits in a given market.

The standard by which nonprofits are now judged is too narrow, because it doesn't take into account these other factors, the authors said.

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