



Economics of
Social and Health Care
Research Unit

Centre for Health Economics Research Paper 145

Lay Summary

THE EFFECT OF HOSPITAL OWNERSHIP ON QUALITY OF CARE: EVIDENCE FROM ENGLAND

by Giuseppe Moscelli, Hugh Gravelle, Luigi Siciliani, Nils Gutacker

Countries differ in the mix of public and private hospitals treating publicly-funded patients. For example, in the USA 60% of hospitals are private not-for-profit, 20% are private for-profit, and 20% are public. In the Netherlands, all hospitals are private. In the United Kingdom and in Norway most hospitals are public, but an increasing proportion of publicly-funded patients are treated in private hospitals. Around 10% of non-emergency (planned) hospital treatments of NHS patients in England are carried out in private hospitals.

Whether NHS patients should be treated in private hospitals depends, amongst other things, on how hospital ownership affects quality of care. We investigate whether NHS patients treated in NHS hospitals get higher or lower quality than NHS patients treated in private hospitals. We use data on 3.8 million NHS patients receiving one of 133 types of planned (non-emergency) treatment in 393 NHS and 190 private hospital sites between April 2013 and February 2014. We measure hospital quality as the probability of an emergency readmission within 28 days of discharge from the initial planned treatment.

A key issue in the comparison of quality for planned treatments between hospitals is that there may be unobserved differences in the morbidity of their patients because patients choose their hospital and their choices may be affected by their morbidity. We deal with such potential unobserved differences in patient casemix between NHS and private hospitals by using the difference between the distances from the patient's residence to the nearest public and private hospital to predict whether the patient is treated in a public or a private hospital.

Private providers treat patients with fewer co-morbidities and past emergency hospital admissions. Controlling for these observed case-mix differences suggests that private hospitals have an emergency readmission rate which is one third smaller than the 2.3% of patients treated in NHS hospitals. But after allowing for differences in unobserved casemix we find that there is no difference in emergency readmission rates between NHS and private hospitals.

Full report available at:

https://www.york.ac.uk/media/che/documents/papers/researchpapers/CHERP145_hospital_ownership_quality_care_evidence.pdf

Contact: Giuseppe Moscelli Giuseppe.Moscelli@york.ac.uk

The Economics of Social and Health Care Research Unit is a joint collaboration between the Centre for Health Economics (CHE) at the University of York and the Personal Social Services Research Unit (PSSRU) at the London School of Economics and the University of Kent. ESHCRU is supported by a grant awarded by the English Department of Health: Policy Research Unit in Economics of Health and Social Care Systems.