



# Length of hospital stay in Japan 1971–2008: Hospital ownership and cost-containment policies

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## ABSTRACT

The average length of stay (LOS) is considered one of the most significant indicators of hospital management. The steep decline in the average LOS among Japanese hospitals since the 1980s is considered to be due to cost-containment policies directed at reducing LOS. Japan's hospital sector is characterised by a diversity of ownership types. We took advantage of this context to examine different hospital behaviours associated with ownerships types. Analysing government data published from 1971 to 2008 for the effect of a series of cost-containment policies aimed at reducing LOS revealed distinctly different paths behind the declines in LOS between privately owned and publicly owned hospitals. In the earlier years, private hospitals focused on providing long-term care to the elderly, while in the later years, they made a choice between providing long-term care and providing acute care with reduced LOS and bonus payments. By contrast, the majority of public hospitals opted to provide acute care with reduced LOS in line with public targets.

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## 1. Introduction

The average length of stay (LOS) has been one of the most significant indicators of hospital management performance over the last four decades [1,2]. While some authors have pointed out the complex and diverse implications of LOS for hospital care [3,4], others have argued that reducing LOS leads to reduction in costs and improvements in effectiveness, or outcomes, of hospital care [5,6], thereby resulting in greater efficiency at the hospital level [7,8], as well as at the general level of the health system of the country as a whole [9]. The average LOS of Japanese hospital patients is much longer than those of other developed countries (Fig. 1a) [10]; however, since the 1980s, it has been remarkably reduced.

The cornerstone of Japanese health reform over the last four decades was an advocacy initiated by the head of the Insurance Bureau of the Ministry of Health and Welfare in 1983 that stated that ever-rising medical expenses would ruin the country [11]. Expansion policies in health care were switched to contraction and cost-containment policies in the mid-1980s, when a variety of measures were implemented to reduce LOS in the belief that shorter LOS would result in cost containment [12].

Many factors affect LOS trends, such as medical advancement [5,13], physician's attitude [14], patient's behaviour [15], socioeconomic factors [16,17], and payment system to hospitals [6,18]. However, it is generally believed that in the case of Japan, the governmental regulations and inducements inevitably moved the country's hospitals toward reducing LOS [19–21]. Yet, while the average LOS as a whole has been successfully reduced, how or when each hospital responded to the policy and whether variations in behaviour exist among diverse hospitals have not been elucidated.

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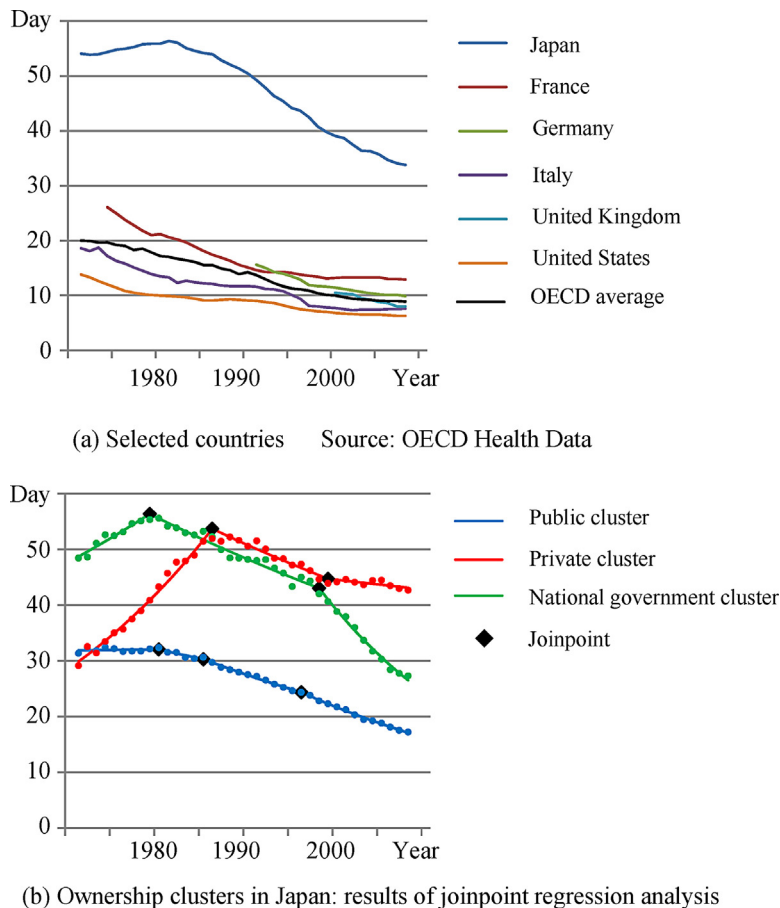


Fig. 1. Paths of average length of hospital stays, 1971–2008.

In stark contrast to the uniformity of the payment system by social insurers and patients, Japan's hospital sector is characterised by a diversity of ownership types [22,23]: ownership by government at various levels from the national to the municipal levels, as well as by physicians and their families and by organisations such as farmers' associations, charity bodies, and social insurers. In the United States, hospital ownership has been found to influence reductions in LOS [24,25]. However, no study to date has looked at the relationship between hospital ownership and reductions in LOS in Japan.

The aim of this study was to demonstrate the different responses to cost-containment policies associated with LOS according to hospital ownership type in Japan.

## 2. Materials and methods

To demonstrate the difference in responses to cost-containment policies related to LOS among Japanese hospitals according to ownership type, we carried out quantitative analysis of LOS, qualitative analysis of the policies, and interpretive analysis of the correspondences between the policies and LOS. First, to demonstrate distinct responses to the policies, we analysed paths of LOS according to ownership types by using government data

published between 1971 and 2008. Second, we conducted a chronological analysis of health-care policy based on the literature to examine the assumption that no LOS-related policy existed targeting hospitals of any particular type of ownership; i.e., all hospitals were exposed to the same policy regardless of ownership type. Finally, we interpreted the correspondences between the cost-containment policies and the paths of LOS on the basis of the results of our qualitative and quantitative analyses.

### 2.1. Quantitative analysis of LOS

#### 2.1.1. Data

Government published data on LOS are summarised according to the legislative category of hospital beds. Five types of hospital beds are defined by the current Medical Care Law: general beds, long-term care beds, psychiatric beds, infectious disease beds, and tuberculosis beds, although long-term care beds were not distinguished from general beds until 2000. In this study, we focus on "ordinary beds," defined as hospital beds other than psychiatric beds, infectious disease beds, or tuberculosis beds, to observe the LOS between 1971 and 2008. Although we include long-term care beds as ordinary beds in our analysis tracing

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