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Prescriptions for Excellence in HEALTH CARE

A COLLABORATION BETWEEN JEFFERSON SCHOOL OF POPULATION HEALTH AND LILLY USA, LLC

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A Black Swan Comes to Philadelphia

By Jeffrey Brenner, MD

Have you ever wondered how the US health care landscape will evolve if, as some prefer, the system is not subjected to reforms and warnings about the consequences are ignored? I have, and I fear that by 2017 we might open our newspapers to read real stories like this one.

Philadelphia Inquirer
3/20/2017

The President and CEO of Hamilton University Hospital emerged today after marathon discussions about the future of the organization with an announcement on the imminent closure of the 200-year-old hospital.

Accompanied by the mayor, he spoke to the large crowd of employees and local Philadelphia leaders.

"We've done everything we can," he said. "We'll be shutting down by the end of the month. I expect an orderly and safe process to ensure that every patient receives the highest quality of care until the last day."

The mayor said, "The bondholders have spoken and we are out of options. There are no more bailouts coming for our city's hospitals."

Hamilton will be the tenth academic health center in a major US city to close this year.

When asked about the growing trend, a Brookings Institute health policy expert said, "After a series of bailouts by the federal government, the public appetite for rescuing hospitals has diminished."

In 2015, twenty-five large academic health centers received federal loans through a still controversial Presidential decision – a rescue package totaling over \$75 billion. None of the loans are expected to be repaid because the financial condition of the hospitals has worsened.

An American Association of Retired Persons spokesperson asked, "How can we justify spending more precious Medicare dollars on bailing out hospitals when Medicare patients can't find a primary care provider to take care of them? Waiting lists in cities like Philadelphia have grown into the thousands for the average practice."

A major bondholder for the hospital is expected to lose over \$350 million in the closure of Hamilton University Hospital. When asked about this significant financial loss, its president said, "Events like this are not predictable. Along with the new management team at the

hospital, we did the best we could to turn this around over the past year. But with changes in federal funding there was no way to make this work."

The last few years have seen dramatic reductions in National Institutes of Health research spending, Medicare reimbursements, and pharmaceutical industry sponsorships, pushing many academic health centers in the US to the brink of bankruptcy. Most government budget experts cite the unexpected attack on American cities by foreign eco-terrorists, angry over rising sea levels, for the current financial crisis in health care.

A well-known economist noted, "The US economy was already in a weakened state after years of unemployment, economic stagnation, and political paralysis before the attacks. Also, we just weren't ready for the tsunami of aging baby boomers. How could we have known the number of new expensive treatments that would come to the marketplace?"

Struggling foreign relations haven't helped either, he added: "When the Chinese stopped buying our bonds, it really closed the door on our ability to keep bailing out hospitals in the US."

When a world famous but terminally ill rock legend walked out of the ICU at

(continued on page 2)

a leading New York hospital in 2014, declaring that he would never die in a hospital, he began a trend among baby boomers that has spread quickly. The growing natural death movement has had an unexpected impact on the censuses in American hospital ICUs.

One plan for the rescue of Hamilton Hospital had been a buyout from a large health insurance conglomerate. A spokesperson for the company said in a statement today, “We’ve bought over 20 academic health centers this year, but the marketplace in Philadelphia is too overcrowded. We couldn’t see a pathway to profitability for this deal.”

Some experts say the nation has not seen this level of hospital closures since the 1950s and 1960s, when financial pressures forced states to shut psychiatric hospitals in droves.

“Look what a mess we made when waves of mentally ill patients were released from psychiatric hospitals and overran urban communities without adequate outpatient services,” said a prominent US history professor. “We are similarly unprepared for the consequences of deinstitutionalizing medical care in our country today.”

The closure of Hamilton Hospital is expected to have painful consequences for a city already reeling from record unemployment, falling housing prices, and significant reductions in student enrollment at the city’s flagship educational institution.

“The Eds and Meds model is over,” said a spokesperson for Philadelphia’s business community. “Philadelphia needs to find a new economic driver.”

At today’s press conference, nurses said they offered concessions to keep Hamilton open. “We made significant offers for voluntary cuts to our wages and benefits. We did our part but it wasn’t enough to save the hospital.”

In the last 4 years many nurses across the US have shifted from working in hospitals to home-based care.

Standing in front of Hamilton Hospital as the announcement was made were hundreds of residents and interns dressed in white coats and scrubs. They looked shocked as they realized their training programs would be disbanded.

A fourth-year surgery resident said, “All of us have over \$400,000 in loans. If we

can’t finish our training how will we ever pay off this debt? With the increasing number of hospital closures across the country, there are no more residency slots available. Now I might be headed abroad to finish my training.”

A growing number of hospitals in foreign countries have begun to recruit American medical school graduates and trainees to complete their training. With the closure of places like Hamilton Hospital this trend is expected to accelerate.

The “news item” might go on, but the message should already be clear. Without willingness to recognize these enormous problems and their consequences – and without a collective commitment to change – it is certainly possible that we will be faced with this type of scenario in the not-too-distant future.

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