

Tight economy forcing hospitals to make tough decisions

BY ALEX PARKER

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It has become a common drumbeat in recent months.

As the country continues to experience an economic decline, more and more health clinics in Chicago are closing their doors, putting those who are struggling to pay for health care at risk. And hospitals, once thought to be recession-proof, are struggling in the economy, too.

It all illustrates a nationwide problem with no easy answers, experts say.

Mark Rukavina, executive director of a Boston-based health care advocacy group, The Access Project, says hospitals may have felt insulated in past economic downturns. Now they are finding they aren't, and are having to make tough decisions.

"It just seems this time around, more and more people are saying they're putting off going to the doctor, putting off getting procedures because of the economy, and that's dramatically different than it was in the past," he says.

In Chicago, health centers have taken hits in recent months and hospitals are making cuts.

In December, the city announced it would close four mental health clinics. Officials said at the time the clinics were victims of the state's broken economy. However, Mayor Richard M. Daley announced last month that federal stimulus money would keep the centers open.

In March, drug store chain CVS announced it would cut back on its retail clinics until next flu season.

Last month, the University of Illinois at Chicago announced it would close a women's clinic in Pilsen. And last week, news emerged of the University of Chicago's plan to close a popular women's clinic on the South Side, in addition to an endowed dental clinic.

It is a trend that is being felt across the nation. An American Hospital Association poll late last year showed more than two-thirds of hospitals saw a drop in elective procedures and admissions, and saw a jump in uncompensated care.

Hospitals' uncertainty in the financial market and consumers' worries about the economy are forcing medical institutions to make tough decisions, says Todd Nelson, a hospital financial consultant with the Healthcare Financial Management Association.

"The theory used to be is that hospitals were recession-proof, that people would always need health care, so they would always get it," says Nelson. "What we're seeing now is that [the economy] is touching every part of the industry. So even people who have health care or good jobs are putting off getting health care or going to the doctor."

"[Hospitals] are focusing and looking in at specific key areas...that hopefully have the least amount of impact on patients in the communities they serve," says Nelson. Services areas are the last things administrators look at cutting, he says.

Hospital officials say the economy has been a painful boil to lance. The University of Chicago is in the midst of axing \$100 million from its budget, meeting that goal through layoffs, closing a general medicine unit, closing clinics, and more. UIC is slashing 5 percent - about \$25 million - of its expenses, and has laid off staff, as well.

"I know that just about every medical institution in the country has tried to find way to reduce its costs," says John Easton, spokesman for the University of Chicago Medical Center. "I think we, as an institution, are feeling pretty good that we made those efforts early on, because some institutions that were hesitant to do that are finding themselves in a deeper than than they would be if they acted earlier."

UIC spokeswoman Jeanne Galatzer-Levy says the decision to close the Pilsen clinic was purely financial, as the clinic had lost about \$250,000 annually in the four years it was open.

"We're all tightening our belts," she says. "I know this was a tough decision to make, but we felt we needed to make it."

The cuts come at a tough time for neighborhood clinics, which are seeing more patients, as more people lose their jobs and health insurance. CommunityHealth, a free clinic in West Town, has seen a 46 percent jump in uninsured patients in the last year, says executive director Judy Haasis.

"We're running fast to keep up and it is a constant challenge," Haasis says. "As we look at that dramatic increase in new patients, we've found that pretty consistently, these individuals are coming to us more and more because of the recession."

Haasis says as clinics close, it puts more strain on other organizations to pick up the slack.

"As safety net providers close their doors, it puts strain on clinics like us that are often stretched to the limit," she says.

But the present economy is not the lone culprit, says Patricia Werhane, a professor of business ethics at DePaul University, who has studied health care access. She says hospitals have been fighting a shortage of in-patient stays for decades.

When the number of uninsured patients increases, "obviously, that's a huge hit," she says. "And I'm not talking about making money. I'm talking about breaking even. I think there's a huge hit because of large unemployment [numbers]."

Nelson says the lingering effects of the financial collapse is forcing medical institutions to grasp for answers.

"When something like that happens that nobody sees coming," she says, "all you can do is scramble and do your best to get back even and get ahead of it."

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