Inpatient procedures, such as hip replacements and other surgeries, are in the midst of a migration. They’re moving out of big hospitals, in fact, and into the ambulatory facilities -- freestanding clinics included.

A big part of the reason? Cost.

Procedures like the hip replacement are typically less expensive at a surgery or standalone ambulatory center -- between $22-25,000 as opposed to around $40,000 in the hospital itself. Payers like these surgery centers for two reasons: The higher patient satisfaction, given less bureaucracy than at a typical hospital. Plus, they see it as a way to fight back against the autonomy of the big health systems. Physicians have bought in for the same reasons.

In July, the Centers for Medicare and Medicaid Services decreed that knee replacements can be performed in such facilities. The agency also said it would allow certain types of hip procedures to be performed by surgery centers. Think: Medicare is starting to incentivize this shift as well.

Surgeries and implants tend to be money makers, but hospitals are rolling with the tide and moving those procedures to the inpatient setting -- and taking less money for them as a result.

A lot of these ambulatory centers are located in rural locations, and have begun to supplant the community hospital as a primary destination for rural patients. It’s no secret that rural hospitals are struggling -- four have closed since the beginning of the year, two of them in Ohio -- so residents in those areas are increasingly turning to ambulatory centers and telemedicine to fulfill their healthcare needs.
"When a health system says, 'We're going to close our hospital,' typically there is a commitment to provide levels of ambulatory care in the community," said Hagood. "It's not necessarily done in the same facility that was a hospital. They're not going to maintain that old facility. But they will offer up some version of care. Some of those hospitals have closed, and the repurposing is still up in the air."

For a lot of these closed facilities, there's no immediate alternate use; some can be turned into skilled nursing facilities, but that's all they're able to do because of the way Managed Care has changed their reimbursement.

"Behavioral care is another option where we've seen some interest," said Hagood. "I think there will be greater interest in using an inpatient facility for behavioral care, but that requires investment in infrastructure."

That shift will continue, said Hagood, and combined with telemedicine services, will start to shape a new paradigm of rural health.

"A lot of these community hospitals are doing a really good job, but the trend is going toward community care with a regional medical center," he said. "What you don't need is a 50-bed inpatient hospital."

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