THE COMMONWEALTH FUND

A Cross-National Look at Hospitals and Their Health Care Systems: Views of U.S. Hospital Executives in Comparison to Four Other Countries

Findings from the Commonwealth Fund International Health Policy Survey[1]

The most recent Commonwealth Fund International Health Policy Survey asked hospital executives in five countries—Australia, Canada, New Zealand, the United Kingdom, and the United States—for their views of their nation's health care system, the level and quality of hospital resources, and efforts to improve quality of care. Findings show that half of hospital executives in the United States are dissatisfied with the health care system, a significantly higher proportion than in the other four nations surveyed.

U.S. Hospitals: A Current Snapshot

"U.S. hospitals operate within highly decentralized, competitive insurance and delivery systems in which revenues depend on volume and patient mix. U.S. hospitals stand out for high costs (three times the OECD median cost per day and twice the OECD cost per capita), low rates of hospital admissions, and short lengths-of-stay. Reimbursement incentives have encouraged and supported a migration of care to freestanding centers and emergence of niche hospitals. National health spending has risen sharply over the past several years, fueled by rapid increases in hospital costs."

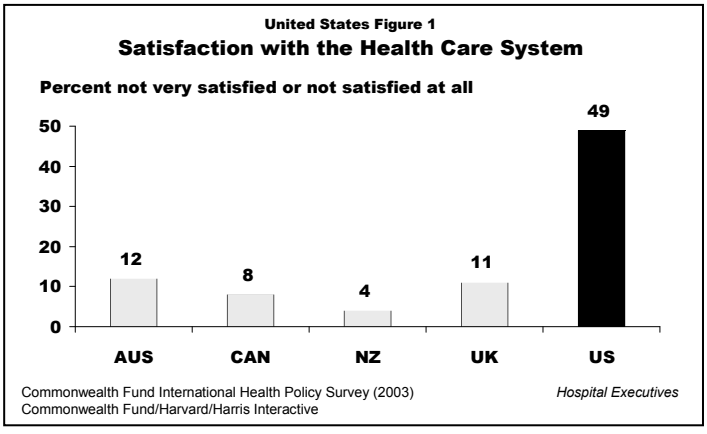
From R. J. Blendon et al., "Confronting Competing Demands to Improve Quality," *Health Affairs,* May/June 2004

The survey found a higher rate of dissatisfaction among U.S. hospital executives even though they were more likely than their counterparts to report a strong financial situation, excellent facilities, resources available to expand or improve current services, and short waiting times, or none at all, for elective surgery.

U.S. hospital executives also stood out as being the most concerned about market competition, the expense of providing care to the uninsured, and the cost of malpractice insurance. Furthermore, U.S. hospital executives were the most reluctant to disclose quality-of-care data to the public.

Staffing shortages, poor-quality emergency room facilities, and long waits for emergency department care were problems shared by all five countries. Still, patient safety efforts appear to be gaining traction: hospital executives in each nation strongly endorsed recognized strategies to improve quality of care, such as treatment guidelines, computerized ordering of drugs, and electronic medical records. Hospital executives in each country named information technology and electronic medical records as their top priorities for a one-time capital investment to improve quality of care.

The Commonwealth Fund survey, conducted in 2003, is the sixth in a series of surveys designed to provide a comparative perspective on health policy issues in these five countries. The newest survey consisted of interviews with a sample of hospital chief operating officers or top administrators of the larger hospitals in each country. The findings were reported in the May/June 2004 issue of *Health Affairs*.



[1] R. J. Blendon, C. Schoen, C. M. DesRoches, R. Osborn, K. Zapert, and E. Raleigh, "Confronting Competing Demands to Improve Quality: A Five-Country Hospital Survey," *Health Affairs* 23 (May/June 2004): 119–35.

This data brief was prepared by Catherine M. DesRoches, Elizabeth Raleigh, Robin Osborn, Olivia Ralston, Phuong Trang Huynh, and Alice Ho.

Overall System Views

U.S. hospital executives are more dissatisfied with the health care system than their counterparts in Australia, Canada, New Zealand, and the U.K. Inadequate funding or reimbursement and staffing shortages were named as major challenges in all five countries.

- Half of hospital executives in the U.S., compared with 12 percent or less in the other countries, were not very satisfied, or not satisfied at all, with the health care system (Figure 1).
- Hospital executives across all five countries named inadequate funding, staffing shortages, and inadequate or outdated facilities as major problems facing their hospitals. One of six U.S. respondents also named the cost of caring for the uninsured as a top problem, while 11 percent cited malpractice insurance costs (Figure 2).

United States Figure 2
Two Biggest Problems Faced by Hospitals

Percent naming:	AUS	CAN	NZ	UK	US
Inadequate funding	58%	62%	57%	39%	10%
Inadequate reimbursement	8	—	—	—	60
Staffing shortage	45	60	54	64	47
Inadequate/overcrowded/ outdated facilities	32	39	54	42	7
Indigent care/uninsured	—	—	—	—	17
Malpractice costs	6	—	—	—	11

Commonwealth Fund International Health Policy Survey (2003)
Commonwealth Fund/Harvard/Harris Interactive
Hospital Executives

- The U.S. stands apart from the other four nations in the small percentage of its hospital executives (7%) who named inadequate, overcrowded, and outdated facilities as one of the two biggest problems they face. One-third or more cited this problem in the four other countries (New Zealand, 54%; U.K., 42%; Canada, 39%; Australia, 32%).

Financial Health, Competition, Quality of Facilities, and Capacity to Expand or Improve Services

According to the survey, hospitals in the U.S. are in better financial health than those in Australia, Canada, New Zealand, or the U.K. At the same time, U.S. hospital executives feel the most threatened by market competition. When asked about the quality of their hospital facilities, U.S. respondents gave the highest ratings. However, across all five countries, emergency department facilities were rated relatively poorly, a finding consistent with physicians' ratings in the Fund's 2000 International Health Policy Survey.[2]

- Seventy-one percent of U.S. hospital executives reported having a surplus or profit in the last year, while one-quarter said that they operated at a deficit. These findings contrast with those for the other four countries, where one-third or fewer of hospitals reported profits (Figure 3).

United States Figure 3
Hospital Finances

In the past year:	AUS	CAN	NZ	UK	US
Had a surplus or profit	35%	9%	11%	7%	71%
Broke even	25	22	7	61	6
Had a loss or deficit	40	70	82	32	23
Current financial situation:					
Insufficient to maintain current levels of service	57	81	75	63	30
Allows for some improvements*	11	2	4	8	32

* Does not include percent reporting sufficient to maintain current levels of service.
Commonwealth Fund International Health Policy Survey (2003)
Commonwealth Fund/Harvard/Harris Interactive
Hospital Executives

- Profitability of U.S. hospitals was associated with ownership status. Private, for-profit hospitals were significantly more likely to report that they had a surplus in the past year (93%) compared with not-for-profit (72%) and public (54%) hospitals. Thirty-seven percent of U.S. public hospitals reported running a deficit in the past year.
- The U.S. was the only country of the five with a substantial percentage of hospitals reporting that their current financial situation allowed for some improvements or expansions of health care services (Figure 3).
- U.S hospital executives were significantly more likely than those in the other countries to rate the quality of their facilities, including intensive care units, operating rooms, and diagnostic equipment, as excellent.
- Across all countries, respondents were critical of their hospital's emergency department. At most, a third of hospital executives rated their emergency departments as excellent, while about one-fifth to one-half rated them as

[2] R. J. Blendon et al., "Physicians' Views on Quality of Care: A Five-Country Comparison," *Health Affairs* 20 (May/June 2001): 233–43.

United States Figure 4

Quality of Hospital Resources

Base: Hospitals that have the facility

Percent rating as only fair or poor:	AUS	CAN	NZ	UK	US
Intensive care unit	9%	13%	10%	11%	5%
Operating rooms or theaters	7	20	12	17	5
Diagnostic imaging equipment or other medical technology	13	19	22	18	4
Emergency room or department facilities	21	48	30	17	19

Commonwealth Fund International Health Policy Survey (2003) *Hospital Executives*
Commonwealth Fund/Harvard/Harris Interactive

only fair or poor (Canada, 48%; New Zealand, 30%; Australia, 21%; U.S., 19%; U.K., 17%) (Figure 4).

- Competition with other medical facilities is a far greater concern for U.S. hospital executives than it is for others. More than half reported that they were very concerned about losing patients to freestanding diagnostic or treatment centers or freestanding ambulatory or primary care centers. Both U.S. and Australian executives also were more likely to cite the potential loss of patients to other hospitals as a serious concern (19% and 16%, respectively) (Figure 5).

United States Figure 5

Concern About Losing Patients to Competitors

Percent very concerned they will lose patients in next two years to:	AUS	CAN	NZ	UK	US
Other hospitals	16%	4%	7%	4%	19%
Freestanding diagnostic or treatment centers	6	6	4	4	55
Freestanding ambulatory or primary care centers	7	3	0	3	51

Commonwealth Fund International Health Policy Survey (2003) *Hospital Executives*
Commonwealth Fund/Harvard/Harris Interactive

- Two years after the September 11th terrorist attacks and the anthrax attacks, the survey found that no more than 28 percent of U.S. hospital executives felt they were very prepared for a terrorist attack, compared with 43 percent in the U.K., 25 percent in Canada and New Zealand, and 18 percent in Australia.

Waiting Times and Access to Care

The absence of waiting times for elective surgery in the U.S. is striking compared with the other countries. In general, waiting times were longest in the U.K., although hospital executives reported that waits were improving. Canadian executives, however, said waits were getting longer.

- Only 1 percent of U.S. hospital executives reported that patients often or very often have to wait six months or more for elective surgery, a far lower percentage than reported for Australia (26%), Canada (32%), New Zealand (42%), or the U.K. (57%). While the U.S. is an outlier in this regard, its short waits may not reflect indigent and uninsured patients who are discouraged from seeking elective surgery altogether.
- Short waiting times were reported by U.S. respondents for two specific procedures: a breast biopsy for a 50-year-old woman with an ill-defined mass, but no adenopathy, and routine hip replacement for a 65-year-old man (Figure 6).

United States Figure 6

Average Hospital Waiting Times for...

Base: Hospitals that perform the procedure

	AUS	CAN	NZ	UK	US
A biopsy for 50-year-old woman with an ill-defined mass in her breast but no adenopathy					
Less than three weeks	74%	70%	48%	73%	93%
Three weeks or more	15	21	44	20	1
A routine hip replacement for a 65-year-old man					
Less than six months	54	43	25	15	92
Six months or more	39	50	65	81	0

Commonwealth Fund International Health Policy Survey (2003) *Hospital Executives*
Commonwealth Fund/Harvard/Harris Interactive

- U.S. hospitals resembled hospitals in other nations with regard to emergency department waiting times: four of 10 (39%) reported that, on average, their patients wait two hours or more to be seen (compared with U.K., 58%; Canada, 46%; Australia, 23%; New Zealand, 17%).
- One-fourth of U.S hospital executives reported that patients are often or very often diverted to other hospitals. This is a significantly less common practice in the other countries (U.S. 24%; Canada, 19%; Australia, 14%; U.K., 11%, New Zealand, 0%).

- Frequent delays or problems in discharging patients from the hospital due to a lack of post-hospital care were a common concern in all countries except New Zealand. More than four of 10 hospital executives said patients experienced discharge delays often or very often (Canada and U.K., 58%; Australia, 43%; U.S., 40%; New Zealand, 7%).
- New Zealand hospitals reported the fewest diversions to other hospitals because of a lack of emergency department or inpatient capacity. They also reported the least discharge delays due to limited post-hospital care, suggesting better coordination among primary, emergency, and community-based care providers.

Patient Safety: Medical Errors

The 2002 Commonwealth Fund International Health Policy Survey found that a significant number of adults with health problems experienced medical errors.[3] While the 2003 survey found that the U.K. and U.S. appear to be the leaders in patient safety efforts, in no country were a majority of hospital executives very confident in their hospital's ability to identify and address preventable errors or in physician support for such efforts.

- Three-fourths or more of U.S. and U.K. hospital executives reported that their hospitals have a written policy to inform patients or their families if a preventable medical error resulting in serious harm had been made in their care. No more than six of 10 in Australia, Canada, and New Zealand reported such a policy (Figure 7).

United States Figure 7

Medical Error Prevention and Disclosure in Hospitals

	AUS	CAN	NZ	UK	US
Percent saying hospital has written policy to inform patients of preventable medical errors made in their care	59%	47%	50%	74%	88%
Percent saying program for finding and addressing medical errors is:					
Very effective	22	13	4	24	24
Somewhat effective	58	66	71	67	70
Percent reporting that physicians are:					
Very supportive of reporting and addressing medical errors	17	21	7	35	30
Somewhat supportive of reporting and addressing medical errors	59	59	57	54	56

Commonwealth Fund International Health Policy Survey (2003)
Commonwealth Fund/Harvard/Harris Interactive
Hospital Executives

- Although virtually all hospitals in the five nations have some type of system for identifying and addressing medical errors, only one of four hospital executives in the U.S., U.K., and Australia were likely to respond that their system was very effective. Even fewer in Canada and New Zealand reported this.
- Hospital executives in the U.S. and U.K. were significantly more likely than their counterparts in Australia, Canada, and New Zealand to say that physicians in their hospital were very supportive of reporting and addressing medical errors.

Quality Improvement and Public Disclosure of Data

Across all five countries, the majority of hospital executives agreed that a number of recognized strategies to improve quality of care were at least somewhat effective, and that provider performance data should be reported to the public.

- Eight of 10 hospital executives in all five countries endorsed the use of electronic medical records, computerized ordering of drugs, treatment guidelines for common conditions, and comparisons of medical outcomes with other hospitals, rating them as at least somewhat effective in improving quality of care.
- Of the quality improvement strategies presented, computerized ordering of drugs garnered the most support from U.S. respondents. Sixty percent thought the initiative would be very effective (compared with New Zealand, 64%; U.K., 61%; Australia, 55%; Canada, 51%).
- The majority of hospital administrators in all the countries approved of public disclosure of quality data on hospital performance. In general, U.K. hospital executives were the most consistently supportive of disclosing quality-of-care information.
- More than 80 percent of U.S. hospital executives supported disclosing the frequency of specific procedures and publicly releasing patient satisfaction ratings. But nearly 30 percent or more of U.S. hospital executives said that medical error rates, mortality rates for elective medical conditions, average waiting times for specific procedures, and nosocomial infection rates should not be reported to the public. Australian executives similarly opposed disclosure for these measures, a likely reflection of shared malpractice concerns and a more competitive market environment (Figure 8).

[3] R. J. Blendon et al., "Common Concerns Amid Diverse Systems: Health Care Experiences in Five Countries," *Health Affairs* 22 (May/June 2003): 106–21.

United States Figure 8
Disclosing Quality Information to the Public

Percent saying should NOT be released to the public:	AUS	CAN	NZ	UK	US
Mortality rates for specific conditions	34%	26%	18%	16%	31%
Frequency of specific procedures	16	5	4	13	15
Medical error rate	31	18	25	15	40
Patient satisfaction ratings	5	2	0	1	17
Average waiting times for elective procedures	6	1	0	1	29
Nosocomial infection rates	25	10	25	9	29

Commonwealth Fund International Health Policy Survey (2003) *Hospital Executives*
Commonwealth Fund/Harvard/Harris Interactive

- U.S. and Canadian hospital executives were the least likely to rate current government policies to improve quality as effective. New Zealand, Australian, and U.K. respondents voiced greater confidence in their government's quality improvement efforts: three of five or more hospital executives rated them as somewhat or very effective (U.K., 75%; Australia, 68%; New Zealand, 61%; Canada, 46%; U.S., 40%).

Staffing Issues

Hospital staffing shortages were named a top concern in all five countries. The impact of staffing shortages and facility constraints is evidenced in cancellation rates for scheduled surgeries and procedures.

- When asked about staffing shortages, U.S. hospital executives were most concerned about nurse staffing levels, with almost one-third reporting a serious shortage of nurses (Figure 9).

United States Figure 9
Hospital Staffing Shortages

Percent reporting serious shortages of:	AUS	CAN	NZ	UK	US
Nurses	23%	30%	11%	22%	31%
Pharmacists	26	33	14	27	14
Specialists or consultant physicians	11	26	7	17	16

Commonwealth Fund International Health Policy Survey (2003) *Hospital Executives*
Commonwealth Fund/Harvard/Harris Interactive

- Across the five countries, at least eight of 10 hospital executives reported moderate or serious shortages of nurses. However, hospital executives in all five countries expressed guarded optimism about nurse staffing levels, with a majority reporting that they were better than or the same as two years ago.
- A majority of hospital executives in all countries reported a shortage of pharmacists. The percentage reporting a serious shortage ranged from 14 percent in the U.S. and New Zealand to 33 percent in Canada.
- Shortages of specialists were reported by all five countries. Serious shortages ranged from a low of 7 percent in New Zealand to 26 percent in Canada.
- Staffing shortages or lack of capacity were responsible for one of seven U.S. hospital directors having to cancel 10 percent or more of scheduled surgeries or procedures. Significantly higher cancellation rates were found in Canada and the U.K. (U.S. and Australia, 14%; New Zealand, 21%; U.K., 24%; Canada, 26%).

Priorities for Improving the Quality of Care

When hospital executives in the five countries were asked what their top priority would be for a one-time capital investment to improve quality of care for patients, information technology (IT) was the dominant choice.

- Information technology and electronic medical records were the top priorities for 62 percent of U.S. hospital executives as a one-time capital investment to improve quality of care (Figure 10).

United States Figure 10
If You Had New Funding to Invest in a One-Time Capital Improvement in Only One Area of Your Hospital, What Would It Be?

Percent saying:	AUS	CAN	NZ	UK	US
Electronic medical records/IT	35%	47%	46%	38%	62%
Emergency room/OR/ Critical care facility	26	18	4	22	13
Basic hospital/patient facilities	17	14	21	22	3
Diagnostic equipment/ medical technology	9	16	11	10	3

Commonwealth Fund International Health Policy Survey (2003) *Hospital Executives*
Commonwealth Fund/Harvard/Harris Interactive

- While one-third or more of chief executives in Australia, Canada, New Zealand, and the U.K. named IT as their top priority, one of five or more said they would direct a one-time capital investment toward upgrading emergency and operating rooms or patient facilities.

- Across all five countries, the majority of hospital administrators named high startup costs as a major barrier to expanding the use of computer technology (New Zealand, 93%; Australia and Canada, 84%; U.S., 71%; U.K., 69%). Projected maintenance costs, insufficient technical staff, and lack of uniform industry standards also were seen as major barriers (Figure 11).

United States Figure 11

Major Barriers to Greater Use of Computer Technology in Hospitals

Percent saying major barrier:	AUS	CAN	NZ	UK	US
High startup costs	84%	84%	93%	69%	71%
Projected maintenance costs/ insufficient technical staff	49	42	32	52	27
Lack of uniform standards within industry	49	35	50	31	44
Doctors' resistance to change	20	21	18	8	39
Privacy concerns	20	26	7	8	17
Lack of staff training or knowledge	11	12	4	9	15

Commonwealth Fund International Health Policy Survey (2003) *Hospital Executives*
Commonwealth Fund/Harvard/Harris Interactive

Survey Methods

The Commonwealth Fund 2003 International Health Policy Survey consisted of interviews with hospital executives of the larger hospitals in Australia, Canada, New Zealand, the United Kingdom, and the United States. The survey drew random samples from lists of the largest general or pediatric hospitals in each country, excluding specialty hospitals. The largest hospitals surveyed in Australia and Canada had 100 or more beds, and in the United Kingdom and United States had 200 or more beds. In New Zealand, the study included hospitals in the country's 34 District Health Boards regardless of bed size. Final survey hospital sample sizes were: AUS 100; CAN 102; NZ 28; UK 103; and US 205. Harris Interactive, Inc., and country affiliates conducted the interviews by telephone with the chief operating officer or top administrator of hospitals between April and May 2003. The May/June 2004 *Health Affairs* article based on the survey provides tests for statistical differences between countries.