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COMMENTARY

Ohio's Public Hospital System: Challenges and Opportunities

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ABSTRACT

Public hospitals have long been a cornerstone of the American health care system, providing an increased share of care to indigent and historically marginalized populations. Public hospitals have provided an increased share of their revenues as community benefit spending, often taking on added roles of community service and civic consequence. The number of public hospitals has decreased nationally over recent decades, with the forces of hospital system consolidation and increasing technological and medical complexity being contributory. As the architecture of public hospital structure governance differs by state or even municipality, public hospitals have become sensitive to political currents in their respective localities. This article serves as an analysis and commentary on the current state of the public hospital network in Ohio. While Ohio has both state-operated and city or county-operated hospital systems, special attention is given here to the latter, which have been decreasing in number at an alarming rate over recent years. Despite recent challenges, the system harbors substantial potential to both rural and urban communities alike. A call to action, inclusive of civic support and new investment, should be made to bolster Ohio's public hospital system for the benefit of its communities.

Keywords: Public hospitals; Ohio; Community benefit

INTRODUCTION

Public hospitals, administered at the city, county, and state level, exist in many states in the United States (US) and have historically provided an essential cornerstone of the health care and social safety net apparatus within their respective regions.[1] As of 2018, approximately 18.5% of acute care hospitals in the US were operated by state and local governments,[2] and 56% of the 50 largest US metropolitan areas had at least 1 such hospital.[3] Public hospitals have historically faced challenges ranging from political interference and cronyism, financial mismanagement and underfunding, and social stigmatization,[4,5] with the US losing over a quarter of its public hospitals since the 1980s.[2] In Ohio, these challenges have combined to contract the network of such institutions. Ohio's state-operated hospitals have remained relatively stable, but the state's city or county-operated hospitals have been particularly vulnerable, decreasing by 38% over the past 14 years.[6,7] Funding and staffing cuts to state and local government operations have diminished the resources being afforded to local governments, reducing capabilities for public institutions and services at the local level.[8] Increased competitive pressures driven by health care consolidation[9] have combined with difficulties serving indigent populations in the state's rural and urban areas to place public health care institutions in a difficult position often necessitating closure or transition away from public ownership in the form of privatization or sale.[10-12]

Present Situation

As of 2020, approximately 9.5% of acute care hospitals in Ohio were operated by local and state governments,[7] compared with 21% nationally as of 2018.[2] Most of Ohio's network of public hospitals have historically been governed at the city or county level as independent functionaries of those respective bodies of local government. Such hospitals are generally governed by boards of appointees designated by elected city or county government officials, and the scope of hospital governance and powers is generally dic-

tated rather strictly by state law.[13] Organization as an agency of county government is more common than city government, though several of the state's public hospital systems are organized as special joint township hospital districts, with the districts comprised of several communities within a county. Funding mechanisms for these hospitals have proven contentious, with subsidies from city and county general funds often proving politically difficult for legislative and public appetite. Most have also proven slower to expand services or grow across metropolitan areas or regions due to constraints, in part, by state law prohibiting county-operated hospitals from expanding beyond county borders.[14] According to hospital registration data obtained from the Ohio Department of Health, in 2008 (the earliest year on file) there were 18 city or county-operated hospitals in Ohio, with 2 being city-operated and 16 being county-operated.[6] In 2022, the total number was 11, with 1 being city-operated and 10 being county-operated.[7,12] Over that 14-year interval, 2 were transitioned away from public ownership toward not-for-profit status that continued to be governed locally, 3 were transferred to regional not-for-profit health systems, and 2 were transferred to private for-profit operators (with 1 of these eventually closing). All but 1 of the 7 hospitals losing public ownership were located in counties with populations of less than 50 000 residents. Restrictiveness of state laws governing county-operated hospitals was cited in at least 2 of the cases where the transition from public to private ownership occurred.[15,16]

Most of Ohio's public hospitals have historically been operated by county or special joint township governments, with many serving as the primary health care provider in many of the state's rural and exurban counties. Of the state's 25 largest cities, only 1 anchors a city or county-operated hospital system; The MetroHealth System in Cleveland, Ohio. MetroHealth operates as an independent agency of the Cuyahoga County government and receives less than 5% of its revenues as subsidies from taxpayer funds.[17] Its main campus, with 702 registered beds, is situated in Cleveland, though it operates satellite hospital campuses in the suburbs of Cleveland Heights and Parma.[7] As of 2016, MetroHealth provided community benefits equal to 22% of its total revenues, a higher share than its private not-for-profit counterparts in Cleveland, the Cleveland Clinic Foundation (10%) and University Hospitals (9%).[18] As of 2014, MetroHealth's Medicaid and low-income inpatient utilization rates were 56% and 35%, respectively, compared to 21% and 11%, respectively, for hospitals within the Cleveland, Ohio, hospital referral region.[19] Though not without its challenges, MetroHealth serves as a comparison to large urban public hospitals in other states which serve as health care anchor institutions and social safety net hospitals.

In contrast to hospitals operated by city and county governments, Ohio's state-operated acute care hospitals have fared better and grown appreciably over time. Several large academic medical centers are operated as state agencies, answerable to the boards of trustees of their affiliated universities. These include the Ohio State University Wexner Medical Center in Columbus, the University of Cincinnati Medical Center in Cincinnati, and the University of Toledo Medical Center (UTMC) in Toledo. The Ohio State University Wexner Medical Center is the third largest health system headquartered in Ohio by revenue, and its main campus is the state's second largest hospital facility by total registered beds.[7] Ohio's state-operated medical centers have performed better than their counterparts at the county level, likely due in large part to size, academic reputation, and niche status as referral centers. The UTMC serves as an exception to this, having been troubled in recent years by private competition and the transfer of its academic and training programs to a competing private hospital.[20]

Opportunities and Future

It appears that distinctions are often not drawn between public and private hospitals, either as pertains to the actions of government entities or in the perception of the general public and body of health care consumers. This has contributed to a general apathy toward the scope and importance of public hospitals, eventually contributing to their transfer away from public ownership. Legal and financial structures of governance and taxation have granted private not-for-profit hospitals a nebulous status as community institutions that are privileged above most other forms of private corporate enterprise.[21] In addition to tax-exempt status, private not-for-profit hospitals are afforded measures of public financing which, in Ohio, include the ability to issue tax-exempt bonds to fund capital projects as local governments would[22] as well as some government subsidies for the construction of facilities and operation of programs.[23]

The future of public hospitals, therefore, rests on getting the public and government to see their merit, as a fundamental precondition to giving them the resources to succeed. Public hospitals are indeed worthy of this respect. They have historically provided a level of care to indigent and underserved patients that exceeds their private counterparts. Public hospitals also provide levels of community benefit as a share of revenue that exceeds the level of their private counterparts.[24] As governmental agencies, public hospitals are subject to levels of accountability and transparency that private hospitals are not, with most aspects of public hospital operations being subject to the transparency provisions of the Ohio Public Records Act, and meetings of governing bodies being publicly accessible under the Ohio Open Meetings Act.[25]

If the public hospital system in Ohio is to endure, and reverse its decline for the benefit of the public, such will have to come with the assertion of the inherent value of public hospital systems. This will necessitate the recognition that public hospitals are uniquely positioned and motivated to provide public benefit and to care for the underserved. They will need to invoke a sense of civic pride and communal purpose by cementing the perception of public hospitals as institutions that are owned by communities, for the benefit of communities. Also of benefit will be to stress that public hospitals can be governed by the public in ways uniquely open and accessible to the public. While traditionally localized to the state's

rural counties, the public ownership model of hospitals has the potential to improve health care in the state's urban and metropolitan areas as well, not only in providing care to underserved populations, but also to serve as economic engines. In the 21st century, health care is the largest sector of US gross domestic product.[26] Hospitals are often the largest employers and economic engines in postindustrial cities,[27] especially so for many of Ohio's communities. In certain circumstances, public ownership and control of urban hospitals could prove transformative toward staving off decline and building a sustainable and inclusive economic order at the local level.

Buy-in from the public and communities will only be half of the metaphorical battle. Local governments will need to muster the political and financial will and resources to keep public hospitals funded. State government will need to think seriously about committing more resources to funding and improving these institutions through state operating and capital expenditures. Ohio's public hospitals can reverse decades of decline and become anchors of healthier, more vibrant communities. But this will not happen unless Ohioans as a collective recognize their value and commit to making them better.

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