



# FROM THE CENTER OUT

June - July 1988

## CENTER'S RESEARCH IS BASIS FOR PUBLIC TV SHOW ON FOR-PROFIT HOSPITALS

In a special report scheduled for release this summer, the N.C. Center for Public Policy Research compares the performance of for-profit and not-for-profit hospitals in North Carolina. This special research report was the basis for a second joint presentation with the University of North Carolina Center for Public Television. The production aired on the North Carolina Public Television network on Wednesday evening, May 25. James Bernstein, chief of the state's Office of Health Resources Development, led the discussion by a panel of experts in hospitals and health care. The panelists included Earl Tyndall, Administrator of Medical Park Hospital in Winston-Salem; Glenn Wilson of the UNC-CH School of Social and Administrative Medicine; Chris Fitzsimon and Jill McSweeney of UNC-TV; and Lori Ann Harris of the N.C. Center for Public Policy Research. The study found that hospitals owned, managed under contract, or leased by investor-owned (for-profit) hospitals charge more and provide less indigent care than not-for-profit hospitals in North Carolina, but they pay sizeable amounts in taxes.

"Since 1980, more than one-fourth of North Carolina's 164 non-federal hospitals have affiliated in some way with a for-profit corporation," said Lori Ann Harris, a Center researcher and co-author of the report. "Because this is such a significant change in ownership and management of our state's hospitals, we at the Center decided to see if the for-profits perform differently."

The Center's study was designed to answer the following four questions:

- 1) Do for-profit hospitals have higher or lower costs and charges than not-for-profit hospitals?
- 2) Do for-profit hospitals provide more or less care to indigent patients?
- 3) If for-profit hospitals provide less indigent care, do they pay taxes (as for-profit corporations) which would offset any deficiencies in indigent care?
- 4) Do for-profit hospitals offer a broader or narrower range of services than not-for-profit hospitals?

In comparing costs and charges, the Center found that for-profits had higher charges generally than comparable not-for-profits, particularly in what are called ancillary services. Ancillary services are those which are not included in the room charge, such as X-rays, drugs, and anesthesiology and laboratory services. For example, the Center found that gross inpatient revenue per day from ancillary services was almost 30 percent higher at investor-owned hospitals.

Another comparison drawn by the Center was the difference in levels of indigent care. Not-for-profit hospitals responding to a Center survey provided uncompensated care in an amount equal to 8.4 percent of their gross patient revenue in 1984, compared to 6.6 percent uncompensated care for investor-owned and managed hospitals. That amounts to 27.3 percent less uncompensated care by for-profit hospitals. The increasing number of indigent patients is already a major issue facing the N.C. legislature, says Harris. She cites a Duke University study which estimates that nearly 900,000 individuals in North Carolina have no health insurance at some point during the year.

The chief explanation offered by for-profit hospital officials for their lower levels of indigent care is that for-profits pay taxes to state and local governments. The Center found that for-profit hospitals do pay substantial amounts in taxes -- more than \$7.5 million in 1984. More than \$2.1 million was paid in local and state taxes. For-profit hospital officials are quick to point out that not only do they pay taxes, but they also cannot obtain a source of revenue available to not-for-profits -- tax-deductible charitable contributions from foundations or corporations. For example, the Duke Endowment alone has awarded about \$15 million annually in recent years to hospitals in North and South Carolina.

Center researchers Harris and Marianne Kersey say their findings lead to two policy conclusions -- (1) the state needs to require hospitals to make more information available to the public about the costs and charges of health care services in North Carolina; and (2) the state should develop a program which will fairly allocate the burden of indigent care among hospitals and pay for such care. The Center recommended that the N.C. General Assembly adopt legislation enabling the N.C. Medical Database Commission to collect data on costs as well as charges at all hospitals in North Carolina, and that the Commission publish this data in order to help the public make more informed choices in the health care marketplace. The Center also recommended that the General Assembly enact a program to support health care for indigent patients.

In addition to the one-hour public television special, the report drew coverage in 33 articles in 29 newspapers as well as in the N.C. Association of County Commissioners bimonthly newspaper and the Federation of American Hospitals magazine.

Copies of the printed report on Comparing the Performance of Investor-Owned and Not-for-Profit Hospitals in North Carolina will be available later this summer. Call Sharon Moore at (919) 832-2839 to reserve a copy.

#### HASTE MAKES WASTE, BUT N.C. WASTE MAKES THE NEWS

In the March 1988 issue of its quarterly magazine, North Carolina Insight, the N.C. Center for Public Policy Research reported that municipal waste disposal has become a leading environmental problem. Insight found that 12 county landfills have less than two years of life remaining and at least 35 of the state's 119 landfills have less than five years to go.

News coverage of the Center's research on local landfills was the most extensive ever for any research published in Insight. An editorial in the Hendersonville Times-News said, "The N.C. Center for Public Policy Research is onto something when it recommends that the General Assembly should create a statewide loan fund to help cities and counties pay for new landfills. It can work." The Charlotte Observer also made the Center's research the subject of a supporting editorial.

Also in the March issue of Insight, the N.C. Center for Public Policy Research recommended repeal of the Hardison Amendments, three laws that say North Carolina's environmental regulations can be no more stringent than federal regulations. The Center said the three amendments have affected ambient air quality standards, influenced the way the state chose to regulate biocides, played a role in delaying new rules on toxic air standards, and could seriously impair the state's ability to deal with emerging environmental issues like incineration of municipal waste.

Twelve newspapers supported the Center's research position in editorials advocating repeal of the Hardison Amendments. The Fayetteville Times said, "The North Carolina Center for Public Policy Research has picked exactly the right moment...to make its case against some infamous legislation...What the Center has done is take the issue out of the what-if realm by marshalling evidence that the amendments already are adversely affecting the state's interests." The Henderson Dispatch editorial headline read "Bury the Hardison Amendments," and columns or editorials in the Forest City Courier, Goldsboro News Argus, The News & Observer of Raleigh, Greensboro News and Record, Shelby Daily Star, and The Smithfield Herald echoed this theme. The Charlotte Observer editorial began, "State Sen. Harold Hardison, D-Lenoir, has said time and again that if anyone could show him that the so-called 'Hardison Amendments' governing state environmental regulations had done any harm, he would take the lead in working for their repeal. The N.C. Center for Public Policy Research has provided the evidence."

#### COMING UP

The September general issue of Insight will take a hike into North Carolina's state parks system. North Carolina is normally down at the bottom among states in per capita funding for parks. In addition, this issue will provide a quick summary of environmental resources in North Carolina.

In addition, the Center may showcase a North Carolina Environmental Index in this issue of Insight. Historically, federal and state governments spend a great deal of time and effort quantifying the health and status of the economy. They measure this progress on a regular basis, using indicators like inflation and unemployment rates, number of new jobs created, etc. However, there is no equivalent effort to measure progress or decline in the state of our environment. That is what the Center would attempt to do in this first-of-a-kind Environmental Index. As a demonstration project, it could be used by state policymakers and citizens across the state to measure progress or decline in such areas as air quality, water quality, conservation of land resources, and control or reduction of hazardous wastes.

The next issue of Insight will also explore why TV stations so often use viewer dial-in-polls, which are unscientific and misleading. The "In the Legislature" column will focus on the legislative committee system and assess whether an average of more than 10 committees per legislator is too heavy a workload for legislators.

**A WARM WELCOME TO THESE NEW CENTER MEMBERS!**

Ben Brown Jr.	John C. Howard	Philip Shehdan
Amy Butterworth	Betty C. Jones	Katherine D. Skinner
W. S. Byasse	Melissa R. Jones	Lathan Smith
Bart Campbell	William C. Knight	Southwestern Child Development
Lee Hood Capps	Kitty A. K. Kramer	Commission
Department of Community Colleges	David F. Long	Allan D. Spader
A. T. Drooz	McDowell County Library	Southeast Waste Exchange
Rep. Ruth M. Easterling	Richard H. Moser	Joel A. Thompson
Glenn Hargett	N.C. AFL-CIO	Ed Turlington
Jeffery Hedrick	Kathleen C. O'Rourke	Rev. & Mrs. H. Langill Watson
Robert Heuts	Neil R. Peirce	Sherri D. Watson
Housing & House Furnishings,	Kenneth Schoir & Leslie	Western Carolina University
Agricultural Extension Service	Winner	

**BABCOCK FOUNDATION AWARDS GRANT**

The Mary Reynolds Babcock Foundation of Winston-Salem has made a grant of \$115,000 a year (for a total of \$230,000) to the Center for 1989-90. The Center is deeply appreciative of this award because it shows the Foundation's tremendous commitment to promoting government accountability to the citizens of North Carolina and an understanding that the Center's independent view depends on such sustained support. We at the Center know that the Babcock support -- and that of the Z. Smith Reynolds Foundation -- are keys to the Center's ability to conduct independent research and evaluation. We thank the Trustees and Staff of the Babcock Foundation for this generous grant.

**OUR THANKS TO OUR FOUNDATION AND CORPORATE CONTRIBUTORS**

The Center wishes to acknowledge and thank these new corporate contributors (above \$100) and corporate members (\$100):

Federal Paper Board Company, Inc.	\$1,000	Collins & Aikman Corporation	\$500
Nationwide Insurance	1,000	Volvo GM Heavy Truck Corporation	100

And the Center's continuing thanks go to these corporations which recently renewed their support for the Center:

The Alcoa Foundation	\$2,000	Burroughs Wellcome Compay	\$500
The Josephus Daniels Charitable Fdn.	2,000	NCNB Corporation	500
HKB Associates	1,500	Piedmont Aviation Foundation	500
First Union Corporation	1,000	Asheboro Elastics Corporation	250
Greensboro News & Record	1,000	The Durham Herald Company Inc.	250
Lorillard, Inc.	1,000	N.C. Health Care Facilities Assn.	250
N.C. Power Company	1,000	Spanco Industries	100

**THE CHANGING FACES IN THE LEGISLATURE**

The general election in November is still months away, but it is clear from the May primaries that many legislators in the 1987-1988 General Assembly will not be returning in 1989-1990. Among them are:

Senate	District	Reason
1. Harold Hardison (D-Lenoir)	5	Defeated in Dem. primary for Lt. Governor
2. J.J. (Monk) Harrington (D-Bertie)	2	Retiring
3. Tony Rand (D-Cumberland)	12	Dem. nominee for Lt. Governor
4. Bob Somers (R-Rowan)	23	Retiring
House		
1. Bobby Etheridge (D-Harnett)	19	Dem. nominnee for Supt. of Public Instruction
2. Foyle Hightower (D-Anson)	33	Defeated in Dem. primary
3. Ivan Mothershead (R-Mecklenburg)	55	Retiring
4. Edgar Starnes (R-Caldwell)	46	Retiring
5. Raymond A. Warren (R-Mecklenburg)	36	Defeated in Rep. primary for Sec. of State
6. Richard Wright (D-Columbus)	15	Retiring

## SPEAKING OF LEGISLATORS

The Center's rankings are out again on the effectiveness of all 170 members of the state legislature in North Carolina. In this sixth set of rankings, the response rate was the highest ever. Of the 120 House members, 82 responded, as did 40 of the 50 senators, 126 of the 258 registered lobbyists based in North Carolina, and 23 of the 46 capital news correspondents. The overall response rate was 57 percent, which is far above the normal standards of statistical reliability. A total of 92 newspapers have carried 175 articles and 24 editorials discussing the effectiveness rankings. George Frink of The Fayetteville Observer wrote that just as "careful car buyers read independent evaluations, like those published in Consumer Reports ... voters can turn to the N.C. Center for Public Policy Research Inc.'s ratings of legislators' effectiveness before they decide which... candidates to vote for." The Lenoir News-Topic commented, "While low ranking legislators may grumble about the survey, it is accurate and has withstood the test of time. Few insiders would quarrel with its results."

## INS AND OUTS IN STATE GOVERNMENT AND ELSEWHERE

Ins: Tenney I. Deane as chairman of the N.C. Low-Level Radioactive Waste Management Authority....Cuyler L. Dunbar as president of Catawba Valley Community College....M. Darrell Hinnant as executive director for N.C. Hazardous Waste Treatment Commission....B. Davis Horne as legislative counsel for the N.C. Bar Association....Chancy M. Kapp as associate director of programming for the UNC Center for Public Television....Elton L. Newbern Jr. as president of Halifax Community College.... Sam Poole as state director for U.S. Sen. Terry Sanford's offices in Raleigh, Asheville, Charlotte, and Winston-Salem....Ann Reed as head of the Administrative Division in the N.C. Dept. of Justice....Debra W. Stewart as dean of the graduate school at N.C. State University....Reginald L. Watkins as head of the Human Resources Division in the N.C. Department of Justice.

Outs: Walter R. Johnson III as senior international development specialist for Japan....Patric Mullen as lobbyist for the N.C. Association of Educators....Mary Kelleher Paris as executive director of the N.C. Low-Level Radioactive Waste Management Authority.

## A CHANGE IN THE CENTER STAFF

Vanessa Goodman became the Center's Development Coordinator on July 11. She is a graduate of Meredith College and brings with her a B.A. in politics and journalism. Vanessa is not new to the Center; she is the second staff member (Lori Ann Harris is the other) who is a former intern with the Center. With Vanessa's arrival, the Center bids a fond farewell to Katherine Bray Merrell. Katherine and Vanessa have the tough job of helping raise the Center's \$400,000 budget each year from scratch (we have no guaranteed source of income). We thank Katherine for her fine work here and wish her well in Atlanta.

The Center's summer of 1988 interns are:

Melissa Jones of Davidson College

Kim Keschull of the Univ. of Virginia

Virginia McGee of UNC-CH Law School

Karen Salter of East Carolina Univ.

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N.C. Center for Public Policy Research  
P.O. Box 430  
Raleigh, NC 27602

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