

MAJOR CHANGES AND TRENDS IN CHICAGO HOSPITALS, 1980-2004

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Purpose of this Paper

This paper addresses some of the major changes and trends that have taken place in hospitals located in the City of Chicago during the past 25 years (1980-2004).

Major Trends

Four major changes and trends are identified and discussed:

- 1) decline in the total number of hospitals and beds in the city;
- 2) growth of multi-hospital systems or networks of hospital care;
- 3) increase in the number of hospitals owned by for-profit corporations;
- 4) modernization and replacement efforts of existing hospitals.

Categorization of Hospitals

To address these changes and trends, hospitals in the city are classified into one of five types of institutions:

- 1) general or community hospitals;
- 2) specialty hospitals;
- 3) rehabilitation/chronic disease hospitals;
- 4) psychiatric hospitals;
- 5) Veterans Affairs (VA) hospitals.

Data Sources

Data for this study are derived from the published reports of the American Hospital Association and the Illinois Hospital Association.

Decline in the Number of Hospitals and Beds

Table 1 shows the total number of hospitals and specific types of hospitals in Chicago for the years 1980 and 2004. The table indicates the overall decline in the number of hospitals and hospital beds in the city. For example, in 1980 the city had a total of 64 hospitals: 50 community hospitals (accounting for 78.1% of all hospitals); four specialty hospitals (6.2%); three rehabilitation/chronic disease hospitals (4.7%); five psychiatric hospitals (7.8%); and two VA hospitals (3.1%). In contrast, in 2004 the city had a total of 42 hospitals: 31 community hospitals (73.8%); three specialty hospitals (9.6%); four rehabilitation/chronic disease hospitals (12.9%); three psychiatric hospitals (9.7%); and one VA hospital (3.2%).

The total number of hospital beds in the city has greatly decreased. In 1980, there were a total of 20,796 hospital beds; by 2004 the number had declined to 10,567 beds, an overall loss of 10,229 beds. By type of hospital, community, specialty, psychiatric, and VA hospitals all lost beds. Only rehabilitation/chronic disease hospitals had a modest increase in number of hospital beds (302 beds in 1980 to 379 beds in 2004).

Table 1: Changes in Chicago Hospitals, 1980 and 2004

Hospital Type	1980	2004	% Change
Total Hospitals (all types)	64	42	-34.4%
Number of Beds	20,796	10,567	-49.2%
Number of For-Profit Hospitals	3	7	133.3%
Number of Community Hospitals	50	31	-38.0%
Number of Beds	18,258	9,164	-49.8%
Number of For-Profit Hospitals	0	3	300.0%
Number of Specialty Hospitals	4	3	-25.0%
Number of Beds	381	327	-14.2%
Number of For-Profit Hospitals	1	1	0.0%
Number of Rehab and Chronic Disease Hospitals	3	4	33.3%
Number of Beds	302	379	25.5%
Number of For-Profit Hospitals	0	1	100.0%
Number of Psychiatric Hospitals	5	3	-40.0%
Number of Beds	936	453	-51.6%
Number of For-Profit Hospitals	2	2	0.0%
Number of Federal VA Hospitals	2	1	-50.0%
Number of Beds	919	244	-73.4%

Table 2 presents a list of all of the hospitals that closed in Chicago during 1980-2004. The table also shows the exact year of closure and bed size of each hospital. During the 25-year study period, 25 hospitals closed, an average of one hospital closure per year. In some years during the period, there were no closures. such as in 2003. In other years, however, there were many closures, such as in 1997, 1989, 1988, and 1985, when 3 hospitals closed in each of those years. A few of the closed hospitals were purchased and reopened and then closed again. One hospital, the historic Provident Medical Center, the city's first black-owned hospital, closed and was purchased by Cook County and reopened as part of the county's health system in 1993.

Table 2: Hospital Closures in Chicago, 1980-2004

Hospital Name	Year Closed	Beds
Advocate Ravenswood Medical Center	2002	324
Columbus Hospital	2001	128
Edgewater Medical Center	2001	213
Doctors Hospital of Hyde Park	2000	200
Columbia Chicago Lakeshore Hospital - South***	1997	123
Metro Child and Adolescent Institute***	1997	83
University Hospital***	1997	102
Columbia Chicago Osteopathic Hospital	1996	262
St. Cabrini Hospital	1996	190
Lakeside Community Hospital	1991	91
Martha Washington Hospital	1991	175
Central Community Hospital	1990	110
Lutheran General - Lincoln Park	1989	330
Mt. Sinai Hospital - North	1989	135
St. Anne's Hospital	1989	239
Frank Cuneo Memorial Hospital	1988	100
Hospital of Englewood	1988	121
Mary Thompson Hospital	1988	203
Provident Medical Center *	1987	180
Walther Memorial Hospital**	1987	119
Woodlawn Hospital	1986	145
Chicago Center Hospital	1985	144
Henrotin Hospital	1985	201
Salvation Army Booth Hospital****	1985	19
Chicago Eye, Ear, Nose & Throat Hospital****	1985	19

* Reopened, 1993

** Reopened as University Hospital in 1990, closed 1997

*** Psychiatric Hospital

**** Specialty Hospital

Growth of Multi-Hospital Systems

The American Hospital Association defines a multi-hospital system as “two or more hospitals owned, leased, sponsored, or contract-managed by a central organization.” Members of multi-hospital systems have several advantages over independent, stand-alone hospitals. System hospitals can offer patients a network of hospitals that provide a wider array of medical specialties and healthcare services, they can more effectively compete for managed care contracts, and they can purchase medical equipment and supplies in bulk at lower costs.

In 1980 most hospitals in Chicago were independent, stand-alone institutions. In contrast, today many hospitals in the city are members of multi-hospital systems. In 2004, 15 community hospitals in the city (or 48.4%) are members of systems. The largest multi-hospital system in Chicago is the Roman Catholic-based Resurrection Health Care system, which has five city hospitals as members, accounting for a total of 1,560 beds. It is followed by the Evangelical Lutheran-based Advocate Health Care system, with three city hospitals and 960 beds.

Membership in multi-hospital systems is ever greater for specialty hospitals, with two out of the city’s three specialty hospitals being members of systems.

Increase in For-Profit Hospitals

In 1980, all of the community hospitals in the city were not-for-profit institutions, while one specialty and two psychiatric hospitals were for-profit facilities. In 2004, three community hospitals were owned by for-profit firms, and one specialty, one rehabilitation/chronic disease hospital, and two psychiatric hospitals were for-profit facilities.

The largest and best-known for-profit community hospital in Chicago is Michael Reese Hospital and Medical Center. This historic institution, the oldest and at one time the largest Jewish hospital in the city, was sold to the national for-profit hospital chain Humana, Inc., in 1991. At the time of the purchase, Humana seemed more interested in Michael Reese’s 250,000-member staff HMO than in the old, financially ailing hospital facility. After a few years, the hospital chain sold off the hospital to another for-profit firm, Doctors Community Healthcare Corporation of Scottsdale, Arizona, which currently owns the facility.

Because most community hospitals in the city have strong religious, ethnic, and neighborhood ties, it has been very difficult for large regional or national for-profit hospital chains to gain a foothold in the city’s hospital market. Instead, the chains have tended to concentrate on smaller specialty and psychiatric hospitals in the city.

Modernization and Replacement Efforts

During the period 1980-2004, many hospitals in the city modernized and replaced their existing physical plants and facilities. The two largest replacement projects were the construc-

tion of Northwestern Memorial Hospital and Cook County Hospital, which was renamed the John H. Stroger, Jr., Hospital of Cook County.

After many years of extensive planning and several years of construction, the new Northwestern Memorial Hospital opened in May 1999. The new state-of-the-art 496-bed hospital (two million square feet in size) consists of the 17-story Feinberg Inpatient Pavilion and the 22-story Galter Outpatient Pavilion, both of which share an eight-floor base of public areas and diagnostic and therapeutic services. At the time it was being built, the \$580 million medical complex was one of the largest healthcare construction projects in the nation.

After decades of debate over whether a new Cook County Hospital should be built, the John H. Stroger, Jr., Hospital of Cook County finally opened in December 2002. The new 436-bed hospital (1.2 million square feet in size) cost over \$623 million to complete. It remains the largest and most costly construction project ever undertaken by Cook County government. The new hospital has dedicated units for obstetrics and pediatrics, intensive and burn care, emergency room, and Level 1 Trauma Center. Additionally, more than 40% of the new hospital's space is dedicated to an outpatient Specialty Care Center.

The Future

Several changes and trends seem likely to occur in the near and distant future. With the surge in aging Baby Boomers and medical advances, it is likely that the number of hospital closures and bed losses in the city will decrease. Indeed, there may even be a bed shortage in the near future. To be competitive, the remaining independent, stand-alone hospitals in the city will increasingly join multi-hospital systems. The number of community hospitals owned by for-profit firms will likely increase slowly, while the number of specialty and other hospitals will be increasingly purchased by the for-profits. Lastly, Chicago hospitals will continue to modernize and replace their aging plants and facilities. For example, the University of Chicago is completing its new \$130 million children's hospital, which will open this year, and Northwestern Memorial Hospital is replacing its women's hospital by mid-2007. By the end of the decade, Rush University of Chicago Medical Center, the University of Illinois Medical Center at Chicago, and Children's Memorial Hospital are all planning to construct replacement facilities.