Since the late 1990s, a source of increasing concern for many OECD countries is therapid increase in the number of visits to emergency departments (ED). Does this trend result from changes in needs or is it due to problems in the organization of care pathways in healthcare systems? In France, the number of visits to emergency departments increased by 30% in the last ten years, reaching 18 million visits in 2012. Many factors can explain this growth, including mechanisms that act on the demand and the supply sides of the market for care services. On the supply side, it was found that a poor access to primary care services just as a poor access to out-of-hours services providing primary care led to a raise in the rate of emergency care utilization (Miller, 2012, Berchet, 2016). On the demand side, an existing literature has shown that the financially poorest individuals have a greater likelihood to use emergency care (Van Stone & al, 2014, Eurofound, 2014).

This paper explores a supply side explanation that has not yet been investigated: opening a new emergency department could enable hospitals to increase their admissions. The French hospital payment system was reformed during the period when ED visits increased sharply. The reform introduced an activity-based prospective payment system that generated strong incentives for multiplying the number of hospital admissions and increasing the average casemix (Dormont & Milcent, 2013, Or et al, 2013). If visits to an emergency department can help hospitals to recruit inpatients, then the observed increase in emergency visits could be seen as an indirect outcome of the hospital payment reform. In order to test this hypothesis, we evaluate the impact at the hospital level of opening an ED on numbers of admissions for long and short stays.

1. Data

We combined two datasets : the *Statistique Annuelle des Etablissements de santé* (SAE) and the *Programme de Médicalisation des Systèmes d’Information* (PMSI) in order to link the admissions produced by a hospital-year with the inputs (emergency departments in particular) that contributed to it. In order to ensure the representativeness of emergency care supply and to reduce the hospitals heterogeneity, we focus our analysis on three categories of hospitals : the *Centres Hospitaliers Régionaux* (CHR), the *Centres Hospitaliers* (CH) and the *Etablissements de Soins Pluridisciplinaires*. Our dataset is an unbalanced panel of 911 French hospitals observed from 2002 to 2012: 403 of them are public; 277 are private-for-profit; 69 are private non-profit. This panel covers more than 75 % of total hospital admissions in France.

1. Empirical strategy

As a reminder, we seek to evaluate the impact of ED on the number of admissions. We have three measures of admissions: (1) the total number of admissions, (2) the number of long stays (more than one night), (3) the number of short stays (no overnight stay).

We estimate a fixed effect model to control for unobserved heterogeneity at the hospital level and we control for hospital mergers or splits. This specification provides flexibility and allows us to account for different incentives depending on the hospital status. We estimate a first model with a homogeneous impact of ED on admissions. In a second estimation, we allow a heterogeneous impact depending on the hospital status.

1. Results

For the whole sample, our findings show that opening a new emergency department leads to a 12.1% increase in the number of long (at least one night) stays and a 34.4% increase in short stays. There is a noticeable contrast between the impact of a new emergency department for public and private-for-profit hospitals: The latter experience a significant increase in long stays only (+ 9.3%), whereas the former experience a significant increase for short stays only (+ 95.4 %).  In total, openings of emergency departments are likely to explain 6.1% of the growth in total hospital admissions and 3.7% of the growth in short stays observed in France between 2002 and 2012.

These results show that ED can help a hospital to recruit inpatients in a regulatory context that creates incentives for multiplying the number of admissions. However, we find that the modalities of care differ depending on the hospital status: public hospitals achieve more ambulatory care while private-for-profit hospitals achieve more long stays. Finally, these results provide an additional insight for understanding the causes of the increase in the use of emergency care.