

# Hospital Ownership and Public Medical Spending (Duggan 2020)

Kaden Grace

February 1, 2024



THE UNIVERSITY OF  
TENNESSEE  
KNOXVILLE

# Why Do We Care?

- Policy: Did the DSH affect hospitals in the intended way?
- Economics: How does a firm's organizational structure affect its response to incentives?



# Data

- Every individual admitted to (or born in) 397 California hospitals from 1987 to 1995
- Each hospital's finances, services, employees, and ownership type

# Methodology and Research Design

- Control for Medicaid expansion by using the hospital's patient demographic and geographic data to predict the number of Medicaid patients that hospital would have admitted absent any change in the patient mix.

# Contribution

- From 1990 to 1995, Medicaid patients were significantly reallocated
- Uninsured patients tend to remain at the same hospital
- Private hospitals “cream-skim” for the most profitable patients
- NFP hospitals are not more altruistic



# Things I Liked

- An interesting question with strong policy implications and possible unintended effects
- Creative design to avoid confounding effect of Medicaid expansion

# Concerns

- Unnecessary spin on results - building financial assets isn't horrible

# Extension

- Expand analysis to other states - Medicaid is different everywhere