Hospitalization Experience of the Indigent in New Jersey

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IN 1958, the New Jersey State Legislature authorized the establishment of a temporary commission to study and make recommendations on the administration of public medical care in the State. This action became necessary because of the problems that had arisen from the diversity and complexity of the many methods and agencies being used to provide medical care for public assistance recipients and other persons unable to meet the cost of medical care out of their own income and resources.

The financing of hospital care for these persons presents the most difficulties. Hospitals receive public funds in New Jersey for the care of public assistance patients and the medically indigent primarily through lump-sum appropriations of the many municipal or county governments. Under this system, payment is often not based on the amount of care given or on the per diem cost of providing care. As a result, the greatest problem the voluntary hospitals in New Jersey face, according to the representatives of the New Jersey Hospital Association, is the strain on the hospital's financial stability caused by care provided the indigent.

The alternative to the present complex system of appropriations and expenditures viewed favorably (and subsequently recommended) by the New Jersey Commission to Study the Administration of Public Medical Care was the payment of hospitals "on a per diem basis, the costs of which are determined on the basis of a sound reimbursable cost formula." An essential element in considering costs under this type of payment was the hospitalization experience of the public assistance recipients and the medically indigent in the various counties of the State. A full picture of this experience, however, could not be obtained from existing records or reports. Admission records in many hospitals do not identify the individual's public assistance status or indicate whether he is medically indigent. In view of this situation, the commission, in cooperation with the New Jersey Hospital Association, conducted a survey to obtain the basic data needed to project costs (*1*).

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General Hospitals in New Jersey

There are 152 hospitals in the State covering a wide range of functions and under varied types of governmental and nongovernmental control. The commission's interest was confined to the 86 short-stay general and maternity hospitals in the State; 82 are voluntary hospitals operated on a nonprofit basis, and the remaining 4 are city or county hospitals. In addition, there are nursing homes which take care of their residents' illnesses, specialty hospitals, Federal institutions, such as veterans hospitals, State hospitals, and public medical institutions which include medical sections of county or city infirmaries operated for chronically ill persons whose stay generally extends over long periods of time.

In 1958, there were about 610,000 admissions

to short-term hospitals in New Jersey. This represented an admission rate of 106 per 1,000 population in the State, lower than the national average of 125 per 1,000 persons (*2*). (New Jersey's rate may be comparatively low because some State residents enter hospitals in neighboring New York and Pennsylvania.) From the study, it appears that almost seven out of eight of the admissions are semiprivate and private; the rest are general service ward admissions. In many hospitals semiprivate and general service ward patients have similar facilities; the only difference between them is that the former have private physicians, and the latter receive free medical care from staff physicians while in the hospital.

Scope of Survey

In the survey special forms were mailed to short-term general hospitals in New Jersey with the request that a form be filled out for each person admitted as a general service ward case (a patient who did not have a private physician in attendance) during the 5-week period March 15–April 18, 1959. The pay status of the patient at time of admission was called for on the form for the purpose of distinguishing the following three categories of patients:

- Those paying in whole or in part for their bed care, either through hospital insurance or their own resources.
- Those receiving public assistance and the specific type of assistance program.
- Those considered medically indigent by the hospital and not in receipt of public assistance.

No attempt was made to define "medical indigency" since criteria for medical indigency were still to be established. A special inquiry to the hospitals revealed that the definition of medical indigency varied greatly from one hospital to another. A number of the hospitals base their decisions on detailed financial statements, others on the recommendation of the physician. Accordingly, statistics on the "medically indigent" developed through this survey refer to this category of patients as the hospitals defined it administratively early in 1959.

Also recorded on the survey form at time of admission were the patient's age, sex, and the municipality where he was living. Later all forms were returned to the hospitals for dates of discharge and any change in pay status of the patient. It was anticipated that an appreciable number of the patients who were admitted as general service ward cases with the expectation of payment being made by them or by hospital insurance would become "free patients" before their discharge from the hospital. This did occur, but in the overwhelming majority of the cases their free pay status was retroactive to the date of admission.

Patients admitted as semiprivate or private cases and subsequently transferred to a general service ward were omitted from the survey. A telephone inquiry to six widely scattered hospitals showed that there were extremely few such patients and their exclusion would have little effect on any estimates of hospital usage by the medically indigent.

Sixty-two of the 86 short-stay hospitals in the State provided data for the study period. Four other hospitals stated they had no general service ward cases. The remaining 20 accounted for an estimated 5–6 percent of the total general service ward admissions in the State in 1958. No adjustments have been made for this percentage in the statistical results of the survey.

Results of the Survey

Hospital Admissions and Rates

The 5-week study conducted by the commission indicated that, during the course of the year, there are about 79,500 admissions of general service ward patients in New Jersey. Payment is made by Blue Cross and other insurance companies for 11,000, or 14 percent, of all general service ward cases. Another 27 percent are patients who pay all or part of their hospital bed care through their own resources or for whom payment is made by relatives. The remainder fall into one of two general categories, public assistance cases or medically indigent. The balance of this report is concerned with these two groups.

Based on the information obtained from the general hospitals, it is estimated that there are approximately 12,640 admissions of persons on public assistance in a year (table 1). About

Table 1. Annual numbers, rates, and duration of stay of general service ward admissions in New Jersey hospitals, public assistance recipients and the medically indigent

Pay status on admission	Number of admissions	Admissions per 1,000 persons receiving assistance	Average duration of stay (days)	Total days in hospital	Days per person receiving assistance
Public assistance	12,640	122	11.7	148,460	1.4
Categorical assistance	5,600	92	12.4	69,240	1.1
Old age assistance	2,240	[1] 117	18.6	41,670	2.2
Disability assistance	770	129	12.8	9,880	1.7
Aid to dependent children	2,530	73	6.8	17,110	.5
Aid to blind	60	[2]	[2]	580	[2]
General assistance	7,040	164	11.3	79,220	1.8
Crippled children and rehabilitation	340	[3]	16.8	5,710	[3]
Medically indigent	32,080		11.0	352,490	

[1] Exclusion of persons on OAA rolls who are in nursing homes and public medical institutions from the total number of OAA recipients raises the hospitalization rate to 142 per 1,000.

[2] Not computed, too few cases in 5 weeks' sample.

[3] Enrollment data for crippled children program not available for computation of rates.

NOTE: Annual figures in all tables based on 5-week survey (Mar. 15–Apr. 18, 1959) of admissions to short-term general hospitals in New Jersey.

half of these patients come from the general assistance rolls, and all but a small proportion of the others are on old-age assistance or aid to dependent children. This situation reflects, of course, the fact that the three programs, General Assistance, OAA, and ADC, account for over 95 percent of all the persons receiving some form of public assistance.

When placed on a rate basis, the general assistance and disability assistance programs have the highest hospitalization rates (164 and 129 per 1,000 recipients, respectively). The relatively high rate for persons on disability assistance is understandable in view of the nature of the program, while the comparatively high figure for general assistance is undoubtedly a reflection of the fact that ill health and indigency are often interrelated.

The lowest rate in the public assistance program in New Jersey is found among persons receiving ADC. In part, this is attributable to the special age composition of the group; that is, it is heavily weighted with children. (Because of the small number of cases, rates for aid to blind could not be calculated.)

Contrary to what may have been expected, the rate for OAA is not very high. This, however, requires some explanation. A large proportion (18 percent) of those on OAA rolls are in nursing homes and public medical institutions and are not available for admission to general hospitals in the usual way. Exclusion of these persons from the number of OAA recipients increases the rate from 117 to 142 per 1,000, which is close to the highest, the rate for general assistance.

Important as the number of public assistance cases are to the hospitals in providing general service ward care, the medically indigent represent a far more significant group. The 5-week survey showed that in New Jersey, the volume of admissions of medically indigent is two to three times that of persons on the public assistance rolls. On an annual basis, there are an estimated 32,080 admissions of medically indigent persons as compared with 12,640 for all public assistance programs combined.

A sizable segment of the hospitalizations of the medically indigent and those on public assistance is accounted for by the aged. About a fourth of the admissions in the latter group involve persons 65 years of age or older (table 2). In view of the inclusion of OAA in this category, this high a proportion is understandable. With regard to the medically indigent, the proportion is not much less. The aged account for almost a fifth of the hospitalizations, although only 10 percent of the total population in the State are 65 or older. The discrepancy is due to some extent, of course, to higher hospitalization rates among the aged

Table 2. Percent of general service ward care in New Jersey hospitals accounted for by persons 65 years or older, public assistance recipients and the medically indigent

Pay status on admission	Percent of admissions accounted for by those 65 or older	Percent of days accounted for by those 65 or older
Public assistance	22.8	34.3
Categorical assistance	[1] 38.1	[1] 58.2
General assistance	8.7	13.5
Medically indigent	19.3	28.7

[1] Virtually all of the aged are OAA recipients.

NOTE: Data for the country as a whole show that 10.4 percent of all patients discharged from short-term general hospitals were 65 years of age or older; these patients accounted for 18.0 percent of all hospital days. Part of the difference between these figures and New Jersey's is due to the exclusion from national data of hospital care for persons who died during the year.

SOURCE: U.S. Public Health Service: Health statistics from the U.S. National Health Survey. Hospitalization: patients discharged from short-stay hospitals, United States, July 1957–June 1958. PHS Pub. No. 584–B7. Washington, D.C., U.S. Government Printing Office, 1958, 40 pages.

than in the population generally. Another important factor is unquestionably the existence of lower incomes among the aged combined with less extensive coverage by Blue Cross and other types of health insurance in this group.

Days in Hospital

In addition to volume of admissions and rates per 1,000 persons receiving aid, another element that must be considered is the duration of stay per hospitalization. Table 1 shows that the average length of stay is high in all groups, including the medically indigent, except ADC. In the general population in New Jersey, the average is far lower, about 8.2 days per admission to short-term general and other special hospitals (*2*). The reasons for the difference are not clear, but age differentials alone probably do not explain it. More significant may be the greater prevalence of serious illnesses among the indigent and possibly a pattern of use of hospitals that results in more long-term stays.

This conjecture is supported by the data in table 3 which gives the proportion of patients that stay in the hospital for specified periods of time. While the figures may not appear unusually high for the aged (OAA recipients), the fact that large percentages of general assistance and medically indigent patients were in the hospital for 25 or more days, for example, suggests that an intensive study of the length of stay in hospitals of indigent patients would be profitable.

The most important single measure of hospital utilization for estimating costs of a program is the aggregate number of days in the hospital. It is clear that when approached from this standpoint, many of the relationships previously taken up are not changed appreciably (table 1). The medically indigent account for considerably more hospital days than persons on all public assistance rolls combined. Projections of the 5 weeks' study data to a full year's experience indicate that the medically indigent in New Jersey spend about 352,490 days in the hospital during the year as general service ward cases. The corresponding figure for those on public assistance is only about two-fifths as large (148,460).

Local Area Data

The number of days spent in the hospital during the year by the medically indigent and those on public assistance varied enormously

Table 3. Percent of general service ward patients in New Jersey hospitals for specified periods of time, public assistance recipients and the medically indigent

Pay status on admission	Percent of patients whose hospital stay is at least—			
	8 days	15 days	25 days	35 days
Public assistance [1]	42.9	23.1	11.9	6.2
Categorical assistance [1]	37.8	21.9	13.3	8.0
Old age assistance	65.6	42.3	27.9	16.7
Disability assistance	47.3	28.4	16.2	9.5
Aid to dependent children	25.3	11.1	4.9	3.3
General assistance	47.7	24.2	10.6	4.6
Medically indigent	40.4	21.3	11.3	6.8

[1] Includes aid to blind not shown separately.

NOTE: Data for the country as a whole indicate that 29.4 percent of the patients discharged from short-term general hospitals stayed at least 8 days; 11.4 percent stayed at least 15 days; and 3.5 percent stayed at least 31 days.

SOURCE: See table 2.

Table 4. Annual number of days, general service ward admissions in New Jersey hospitals, by size of community, public assistance recipients and the medically indigent

Pay status on admission	Total State	Communities with population of—			
		Less than 10,000	10,000–50,000	50,000–100,000	100,000 or more
	Number of hospital days per 1,000 population per year				
Public assistance	25. 9	12. 4	15. 6	38. 9	52. 4
Categorical assistance	12. 1	7. 5	6. 8	10. 4	27. 2
General assistance	13. 8	4. 9	8. 8	28. 5	25. 2
Medically indigent	61. 1	17. 3	27. 9	32. 2	183. 6
	Estimated number of hospital days per year				
Public assistance	[1] 148, 090	19, 590	34, 570	24, 990	68, 940
Categorical assistance	69, 240	11, 770	15, 020	6, 700	35, 750
General assistance	[1] 78, 850	7, 820	19, 550	18, 290	33, 190
Medically indigent	[1] 350, 830	27, 340	61, 720	20, 620	241, 150

[1] These totals differ slightly from those in table 1 because they exclude a small number of persons who stated at time of admission that they lived outside the State.

among the counties and communities. Part of this variation is due to the large differences in total population of these units, but even when examined on a rate basis major differentials still exist. In general, areas where population and industry are concentrated have the highest rates. This shows up clearly when communities of the same general size are combined. In cities of 100,000 population the medically indigent and categorical assistance recipients have a far larger number of hospital days per 1,000 total persons than is the case in smaller size communities (table 4). The situation is especially marked in the medically indigent group, with 184 days care per 1,000 population in the large cities as compared with a rate of 32 in cities of 50,000 to 100,000. In the category of general assistance there is little difference between the rates for large and moderate size communities (25 and 29 per 1,000 population, respectively). The big drop occurs when the community size falls below 50,000.

Summary

In considering the possibility of per diem payments for hospital care of the indigent and medically indigent in New Jersey, a 5-week survey of the general short-term hospitals was conducted. Extrapolations of the survey findings indicated that the annual volume of admissions as general service ward cases of the medically indigent was two to three times that of all public assistance recipients. Highest admission rates per 1,000 persons receiving public assistance were found in the general assistance (164) and the disability assistance (129) categories. Persons 65 years of age or older accounted for about one-fourth of the 12,640 admissions of public assistance recipients and one-fifth of the 32,080 admissions of the medically indigent.

For both public assistance recipients and the medically indigent, the average length of hospital stay was about 11 days, and almost 12 percent of both groups stayed in the hospital for at least 25 days. Hospital utilization by the medically indigent and public assistance recipients increased with size of community. In cities of 100,000 or more persons, the medically indigent accounted for a particularly large number of days in the hospital (184 per 1,000 total population).

TECHNICAL NOTES

All numbers and rates of hospitalization derived from the 5-week survey (March 15–April 18, 1959) are on an annual basis. This was accomplished by multiplying the survey data by the factor 52/5. A special inquiry to the hospitals indicated that in 1958, 18.9 percent of the total number of all admissions (private,

semiprivate, and general service ward combined) took place in the 2 months, March and April, making these months higher than average. (The expected proportion for these 2 months, if there were no seasonality, is 16.7 percent.) However, no adjustment has been made in this study for seasonality since it is not known whether general service ward admissions follow the same pattern as total hospitalizations. From the age distribution of patients, it would appear that general service ward patients are more heavily weighted with older persons and far less heavily weighted with children than the total admission group. This could very well affect the seasonality picture.

The hospitalization rates presented are extrapolations of survey data which refer to the situation that existed in the general hospitals that reported during the study period.

REFERENCES

(*1*) New Jersey Commission to Study the Administration of Public Medical Care: Report and recommendations. Trenton, September 29, 1959.

(*2*) Hospital statistics, 1958. Hospitals (Administrators Guide Issue) 33: 369–374, August 1959, pt. 2.

Retirement at 65?

In our society we accept quite as a matter of fact today that retirement begins at age 65. There was a day when some thought life began at 40. Today we have reached a point where many people at 40 are told that to start a second career is foolhardy and impossible. But while we go along accepting age 65 as a magic age for retirement, great advances in medical science and research are gradually increasing the lifespan. It is not unreasonable to assume that in the not too far distant future we will be talking in terms of 100 years for a lifespan. It is also reasonable to assume that people will be in good health and quick of mind far beyond the age of 65, as of course a great many are today.

As the lifespan goes further toward the century mark, can we sit idly by and hold to the present concept of retirement at age 65? I think not.

One researcher recently came up with this analysis. Suppose a worker retires at age 60 and lives to age 70. He has a gift of 31,000 hours of free time which would otherwise be spent at work. If you add to this the hours of free time which we all enjoy on weekends and evenings, his total hours of free time rise to 45,000 hours. This is a quantity of time which is more than all of his previous working hours from the age of 40 to 60. His free time in retirement equals precisely half of his past working life.

In a very real sense this also represents a waste of manpower, talent, energy, wisdom, and intelligence. Sooner or later we as a society must ask ourselves if we as a Nation can afford this waste.

The Congress, in enacting the legislation calling for the White House Conference on Aging, addressed itself to this question when it stated:

"Outmoded practices in the employment and compulsory premature retirement of middle aged and older persons are depriving the economy of their much needed experience, skill, and energy and simultaneously are depriving many middle aged and older persons of opportunity for gainful employment and an adequate standard of living."

The Federal Council on Aging said in its report to the President dated September 30, 1959:

"A broad-gauged study of compulsory retirement is needed. Retirement practices which force the separation of employees at an arbitrary age level ignore the fact that different individuals of the same age have different capacities and desires. The feasibility of flexible retirement programs needs to be examined."

It might be well for us to recall that Goethe completed Faust at 83; Ben Franklin invented bifocals at 78 because he wanted to continue his contribution to his Nation and the world; Helen Keller at 79 is still working for the deaf and blind; Albert Schweitzer is a young 84 now. How do you really feel about retirement at 65?—ROBERT A. FORSYTHE, *Assistant Secretary of Health, Education, and Welfare, in a speech delivered at the annual meeting of the Life Insurance Advertisers Association (Eastern Section) in Washington, D.C., March 17, 1960.*