Fact Sheet: Health Human Resource Planning

Literature Review: The Impact of Hospital Restructuring on Patients, Care Providers, and Health Care Costs

Hospitals are undertaking organizational restructuring in an effort to contain health care costs without compromising patient care. Restructuring initiatives differ widely among institutions, but most express the aim of providing care which is more “patient-focussed.” Restructuring initiatives usually involve downsizing of the workforce, with large number of employees being laid off and professionals replaced by unlicensed assistive personnel (Robertson & Dowd, 1996). There is growing concern about the effects that these changes are having on both patients and health care providers. Unfortunately, the complexity of the situation provides many challenges to those wishing to study it. Restructuring has often occurred concurrent with other major changes, such as decreases in hospital funding, which clouds the impact of restructuring alone. Also, the diverse range of restructuring strategies undertaken by differing institutions makes it difficult to generalize findings.

The health care literature was searched using CINAHL, MEDLINE and HEALTHSTAR for the most current literature on restructuring. Personal contacts yielded additional published and unpublished work. The search revealed 72 publications, of which 17 were original research articles and 3 were meta-analyses. These were critically appraised using established criteria. Of the 17 research studies, 4 were quasi-experimental in design and 13 used either a before-after or retrospective descriptive design. Most were of U.S. origin; none were Canadian.

What impact may restructuring have on health care providers?
There is evidence that downsizing impacts negatively on the health and well-being of employees. In a landmark Finnish study, Vahtera, Kivimaki & Pentti (1997) found a significant association between downsizing and medically certified sick leave, with absenteeism rates 2 to 3 times greater after major downsizing than after a minor downsizing. In 3 large-scale descriptive U.S. studies, (Shindul-Rothschild & Duffy, 1996; Shindul-Rothschild, Berry & Long-Middleton, 1996; and Salmond, 1995), nurses report a decline in the quality of their worklife as a result of downsizing and the hiring of unlicensed personnel. Their concerns included reduced job security and job satisfaction, increased workloads and stress, reduced organizational morale and lower professional and organizational commitment.

Three meta-analyses examined job satisfaction among nurses and found a mixed picture. Irvine & Evans (1995) report a correlation between job satisfaction and nurses’ work context as well as turnover rates. Blegen (1993) found job satisfaction to be negatively correlated to stress but positively correlated to organizational commitment, communication with supervisor and peers, and to autonomy. The third integrated review of the literature (Bennreuter & Cardona, 1997) found no consistent outcome regarding the impact of unlicensed assistive personnel on RN job satisfaction.
Other studies report that converting to patient-focused care models may actually have benefits for employees. In hospitals redesigned to allow professionals to have more control over their work, staff morale and job satisfaction increased and turnover decreased (Patronis Jones, Dougherty & Martin, 1997; Hastings & Waltz, 1995). Organizational features characteristic of patient-focused care models may also promote safer work environments as evidenced by lower rates of nurse needle-stick injuries (Sochalski et al., 1997).

**What impact may hospital restructuring have on patients?**

There is conflicting evidence regarding the impact of hospital restructuring on patients. One compelling study by Aiken, Smith & Lake (1994) established a strong link between quality of nursing care and patient mortality. In this large scale U.S. study, hospitals with significantly lower mortality rates had higher percentage of RN's employed, provided more professional autonomy for nurses and greater control of nurses' practice environment. In a study of 4 U.S. hospitals, Taunton, Kleinbeck, Stafford, Woods & Bott (1994) established a correlation between nurse absenteeism and patient nosocomial urinary tract and bloodstream infections. Similarly, Flood & Diers, (1988) linked nurse staffing shortages to longer hospitalizations and increased patient complications.

Several small studies have found that once in place, patient-focused care and use of unlicensed assistive personnel may result in some benefits. A decline in nosocomial infection rates, medication errors and rates of patient falls as well as shorter hospital stays, fewer caregivers per patient and decreased laundry costs have all been described. Other anecdotal reports include improvements in patient satisfaction and knowledge as well as more effective pain management and faster availability of laboratory results (Aiken & Stetler, 1997; Kinneman, Hitchings, Bryan, Fox & Young, 1997; Patronis Jones, Dougherty & Martin, 1997; Reisdorfer, 1996; Lucentre, Rea, Vorce & Yancey, 1995; Toliusz Kostovich, Jahncke, Meyer & Healy, 1994). Limitations in study design weaken all of these findings.

**How effectively has restructuring reduced hospital costs?**

There is no empirical evidence to indicate whether cost savings result from organizational redesigns (Lemieux-Charles, Leatt & Aird, 1994; Pond & Herne, 1994). The substitution of unlicensed workers for registered nurses may actually increase costs although there is not enough evidence to generalize these findings (Bernreuter & Cordona, 1997). Isolated reports of lower costs of patient care due to restructuring appear in the literature (Patronis Jones, Dougherty & Martin, 1997), but these should be viewed with caution. Studies claiming improvements based on reductions in salaries or hours without also documenting consistent quality of care and considering such factors as employee illness and turnover present an incomplete financial picture. One study, for example, estimated that of the savings that resulted from downsizing, 8-13% were lost due to employee sick leave (Vahtera et al., 1997).

**What conclusions can be drawn from the existing research?**

The effects of hospital restructuring on patients, health care providers and costs are still largely unknown. Much of the existing research is weak, and findings conflict. Canadian data is virtually non-existent. Given this limited state of knowledge, the number of hospitals undergoing organizational reform without empirical evidence supporting its effectiveness or safety is disturbing (Aiken & Fagin, 1997; Kinneman et al., 1997; White, 1997; Leatt, Lemieux-Charles & Aird, 1994). Critical questions remain and pressure is mounting within the international health care community for studies which will rigorously examine the impact of restructuring initiatives on the ability of hospitals to provide safe patient care in an efficient manner.

W. Down & C. Mallette
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References upon request