

(1) The hospital economics of obstetrical department (2) a report on Medical Malpractice issues

Excerpts from an architectural design book published in 1992 addressed the economics of L&D units. "Birth Environments" was a joint project of the American Institute of Architects and the American Hospital Association Fellowship. It is an excellent description of this modern-day business model as it influences maternity care and provides a realistic context for the many disparaging claims made by institutions when discussing independent birth centers and planned home birth.

BIRTH ENVIRONMENTS ~ Emerging Trends and Implications for Design

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A Project supported by the American Institute of Architects and the American Hospital Association Fellowship ~ -- ISBN0-938744-76-3

p. 7 & 8: "Obstetrics, over the past decade, has **achieved renewed status among hospital departments**. The impetus for this development has been the advent of **competition among hospitals** as a result of **changing health care economics and the acceptance of health care marketing as an ethical business activity**. ("Innovations in Obstetric Design" Hospital Administrations Currents, 1986, 30 (3): 9-14)

Obstetrics is now considered to be the *service leader in *establishing patient loyalty to the institution. Innovative maternity programs can increase the patient volume in other areas, through the woman's influence. Since women tend to decide where the family will go for medical care (in 70% of families say some researchers), loyalty won through innovative obstetrics programs transfers to other patient areas.

p. 15: Marketing of its facility is very important to the hospital. A facility that is designed to be inviting, comforting and attractivewill **increase consumer response and improve its image and visibility** in the community. Studies show that a ****positive hospital experience for maternity care leads to continued usage of the medical facility by the family consumer group****.

It is estimated by Ross Planning Association that 10% to 28% in operating costs can be saved with the LDRP system over the traditional design. The programs below show that LDRP units do to require more square footage than traditional programs. Initial equipment and construction ****costs can be offset by a decline in operating costs and an increase in revenues due to volume changes**** (Hospital Administration Currents, vol. 30, no 3, 1986)

p. 34: Women in today's society are increasingly aware and sensitive to ****the fact that they compose a significant group of health care users**. Medical facilities are ****competing for a greater market share of women consumers**. There is evidence that ****once a woman has a positive**

experience in the hospital she chooses for maternity care, she and her family will usually return to the same hospital for future medical needs**.

A separate women's health care facility is the optimal setting for obstetric care. This gives a woman a sense of importance and dignity as she faces the medical establishment. A distinct women's medical center could be connected to the main hospital by physical proximity and or a sheltered bridge or tunnel for easy access to centralized labs or common services.

Here is an excerpt from a newspaper article on a weekly lobbying campaign by physicians in Tennessee. They were hoping to get changes in the law that would have benefited the med-mal carriers and supposedly reduced their premiums. Apparently med-mal companies make money by investing the premiums in the stock market that are left over after they pay out the annual claims.

Docs become Mr. Hydes as lobbyists --

By LARRY DAUGHTREY –The Tennessean ~ 04/23/06

“Was there a crisis to begin with? State regulators didn't think so. A little-noticed report for the year 2004, issued last October, had some startling findings.

During that year, **only six medical malpractice cases reached juries in Tennessee, with awards totaling \$1.9 million.** Insurance companies **settled 444 before trial** at a cost of \$108 million, with **an average settlement of \$45,904.**

Insurance **premiums charged that year totaled \$327 million.**

The dominant medical **malpractice insurance firm in Tennessee is a mutual company owned by the doctors themselves, meaning that it returns dividends to its members.** It has **\$765 million in reserves.** Tennessee ranks in the lowest third of the states in malpractice premiums.”

Apparently having us all to be hysterical about a malpractice “crisis” is good for business.

Of course, this is the best argument for a national ‘no fault’ fund for parents whose baby is diagnosed in the first 6 months of life with profound and permanent neurological damage, irrespective of any necessity to prove causation.

As for all the malpractice issues aside of neurologically damaged babies, self-insuring is a reasonable arrangement and by far the best one for midwives. However, this pool of money should not be used as in the above story, that is, as an investment opportunity for bonds and hedge funds designed to make money for the mutual-owned carriers.
