

How Private Nonprofit Hospitals Differ from Private For-Profit Hospitals in Average Inpatient Length of Stay?

*Jomon A. Paul (*corresponding author*)

Huan Ni

Department of Economics, Finance, & Quantitative Analysis

Kennesaw State University

560 Parliament Garden Way, Kennesaw, GA 30144

*jpaul17@kennesaw.edu, 470-578-6086

hni@kennesaw.edu, 470-578-3343

Abstract

Inpatient length of stay (LOS) could measure a variety of different health care perspectives such as health care accessibility, cost, and quality. With the accelerated increase in health care costs, it is vital to better understand the factors that may impact LOS. We use a national dataset to empirically investigate whether there is an association between the type of hospital ownership (nonprofit vs for-profit) and LOS. Our results show that nonprofit hospitals are likely to be associated with longer LOS. This result holds even after we jointly model LOS and inpatient readmission rate. The simultaneous equation model indicates that there is a negative relation between LOS and readmission. We also find evidence that hospital ownership should be treated as endogenous when we study LOS, otherwise the estimates of the relation between LOS and hospital ownership are biased.

Keywords: Nonprofit Hospital; Length of Stay; Endogeneity; Inpatient Care

JEL: L2, L3, I1, C1