

The Role, Influence, and Challenges of Ambulatory Care Facilities in Healthcare Delivery

Robert E. Wilson

Colorado State University Global

HCM310: Introduction to the U.S. Healthcare System

Thomas A. Clobes, Ph.D.

June 11, 2023

The Role, Influence, and Challenges of Ambulatory Care Facilities in Healthcare Delivery

In this paper, we present an interview with MR. C. Dean Germano, CEO – Shasta Community Health Center (SCHC). Mr. C. Dean Germano joined SCHC as the CEO five years after it was first established in 1988 and has held this position for 25 years (SCHC, 2023). The interview covered several important topics, including the current role of ambulatory care in healthcare delivery, the influence of politics and government on this sector, the impact of quality, safety, and competition on patient care, and the major challenges facing the sector in the next decade. We then take a closer look at the points Mr. Germano made and delve deeper into the issues he highlighted.

Current Role in Healthcare Delivery

According to Mr. Germano, ambulatory care plays a significant role in overall healthcare delivery. It offers more face time with patients and is more cost-effective compared to inpatient care. Ambulatory care facilities focus on addressing immediate and chronic healthcare issues while setting up care for future needs and management. By encompassing both front-end and back-end aspects of treatment, ambulatory care reduces the need for expensive inpatient services. This is reflected in the GDP, where ambulatory care surpasses inpatient care (C. D. Germano, personal communication, May 12, 2023). Mr. Germano emphasized that ambulatory care facilities provide a greater volume of care and contribute significantly to the healthcare system.

While Mr. Germano points out some great and significant information about the role ambulatory care plays in the overall healthcare system, his statement that ambulatory care costs surpass inpatient care costs reflected in the GDP is not really an accurate assessment.

According to both the Centers for Medicare & Medicaid Services (2021), and the National Center for Health Statistics (2023), patient care is approximately 30% of the National Healthcare Expenditure (NHE) and ambulatory care is approximately 20% of the NHE (Centers for

Medicare & Medicaid Services [CMS], 2021; National Center for Health Services [NCHS], 2023). Since the NHE is approximately 18% of the GDP, that means that inpatient care costs are approximately 5.4% of the GDP, while ambulatory care costs are approximately 3.6% of the GDP (CMS, 2021; NCHS, 2021). However, according to Kornfeld et al. (2020), these statistics may not be truly reflective of the actual cost for each inpatient and ambulatory services because there are differentiating classification used to define what is considered inpatient vs. ambulatory within the GDP and NHE accounts (Kornfeld et al., 2020). Thereby making the information relative only unto itself. So, Mr. Germano's assessment could very well be correct from his point of view.

Political Influence

Mr. Germano states that politics and government involvement heavily influence the ambulatory care sector and the way healthcare services are provided. Programs such as Medicaid, Medicare, and the VA cover approximately 70% of all residents who receive government-funded care (C. D. Germano, personal communication, May 12, 2023). These programs become a political football on both national and statewide levels. Congressional attention is focused on federal Medicare and Medicaid pricing. Medicaid, being the weakest group with less political power compared to seniors (Medicare) and veterans (VA), often faces criticism and cuts. State-run Medicaid programs share the fiscal responsibility, and it varies from state to state. The complexity of private insurance in the United States, compared to more direct relationships in Canada and Europe, limits the impact of regulations on private insurance management. The political landscape also becomes charged when discussing issues such as abortion and healthcare reform, including the highly debated Affordable Care Act (ACA) (C. D. Germano, personal communication, May 12, 2023).

According to the Organization for Economic Collaboration and Development (2022), the cost of healthcare within the United States is almost 10% more than the cost in the highest country (Italy) of those who provide universal healthcare (OECD, 2022). Additionally, according to the OECD (2016), the health outcomes of patients within a universal healthcare system are statistically and significantly better than the rates seen within the United States. So, while healthcare delivery is politically charged here in the U.S., it would be in everyone's best interest if we adopted a universal healthcare system in short order.

Quality, Safety, and Competition

Mr. Germano highlighted the importance of quality, safety, and competition in the ambulatory care sector and their impact on patient care. Quality is emphasized through electronic medical records (EMR) and electronic systems that improve outcomes and interventions. Efforts are made to ensure preventive care, immunizations, and screenings are provided to patients. Quality scores and goals are set by insurance plans and incentivized, with potential punitive actions for not meeting them. While access to care may be a challenge, primary care is considered the strongest point in providing quality care. Safety is enhanced through technological advancements, although research shows that healthcare itself can sometimes be ineffective and even harmful. Patient safety measures, such as gatekeeping, call prevention, and medication tracking, are implemented to mitigate risks. In terms of competition, Mr. Germano highlighted the importance of collaboration in the ambulatory care sector, particularly in rural areas, like ours, where consolidation and independence have not driven down costs significantly (Germano, personal communication, 2023, May 12).

I found Mr. Germanos take on the quality and safety of healthcare to be spot on. As we learned in our course studies, EMR and HIT are critical to help maintain quality and safety

within the sector specifically outlined just as Mr. Germano has Stated (CSUG, 2023). While Mr. Germano reflects that safety has been enhanced through these technological advances there are still strides to be made. Medical errors are the third leading cause of death in the United States (J. Hopkins, 2016). Thereby making safety and quality an utmost priority.

Future Challenges

Mr. Germano Identified two major challenges facing the ambulatory care sector in the next decade: cost and workforce shortages. Rising costs in healthcare, including the increasing NHE, pose a significant challenge for the sector. Mr. Germano mentioned the need to address cost concerns and explore innovative strategies to maintain financial sustainability. Additionally, the shortage of primary care providers is a pressing issue. Training programs tend to focus more on subspecialties rather than primary care, resulting in a reliance on Nurse Practitioners (NPs) and Physician Assistants (PAs) to fill the gap. Rural areas are particularly affected, with diminishing maternity services and a need for more trained obstetric nurses (Germano, personal communication, 2023, May 12).

The CMS (2021) projected that while the NHE will increase approximately 5.1% per year over the next ten years, the GDP is also projected to grow at essentially the same rate. They predict that in 2030 the NHE of the GDP will be at 19.6% which is a flat rate of increase compared to 2020 when the HNHE of the GDP was 19.7% (CMS, 2021). One way we can try and lower this number and reign in the cost of healthcare in the U.S. would be to adopt a Universal Healthcare Model as outline in a section above. Federalizing the Medicaid program would be a valuable good first step in this direction (Brandon, 2021).

One could deduce that increasing the use of Advanced Practice Providers (APPs), such as NPs and PAs, would help close the gap between demand and supply in this sector, while

simultaneously lowering costs since these providers earn less than M.D.s do. In 2013 the Health Resources and Services Administration (HRSA) predicted that by 2020 the number of NPs and PAs would increase to 72,100 and 43,900 respectively (HRSA, 2013). According to Kidd et al. (2023), at the end of 2021 there were 355,000 NPs working full-time and 158,470 PAs working full-time, an astounding increase of 1548% and 503% from the projected numbers respectively indicating a dramatic shift in utilization of APPs for primary care services. Yet we are still having to contend with provider shortages a decade later and according to Batson et al., (2022), in their study specifically examining the cost and outcomes of patient care in a facility that had adopted this model to address the primary care provider shortage, the increased utilization of APPs did not meet the goals of providing patients with an equivalent value-based experience in the primary care setting. The study analyzed over 33,000 patient records of Medicare-enrolled individuals, Batson states, “ The results were consistent and clear, by allowing APPs to function with independent panels under physician supervision ,we failed to meet our goals in the primary care setting of providing patients with an equivalent value-based experience” when compared to a strictly licensed M.D. model (Batson et al., 2022). Therefore, this model of using APPs is not cost-effective nor does it lead to better health outcomes.

Conclusion

In conclusion, the interview with Mr. Germano sheds light on the role, influence, and challenges of ambulatory urgent care facilities in healthcare delivery. Ambulatory care plays a significant role in healthcare delivery by offering more face time with patients and cost-effective serves compared to inpatient care. However, the claim that ambulatory care costs surpass inpatient care costs reflected in the GDP may not be entirely correct due to different classifications used in GDP and NHE for services rendered. Politics and government involvement heavily influence the

ambulatory care sector, particularly through programs like Medicaid, Medicare, and the VA as a significant portion of the population receives their healthcare coverage through one of these programs. The debate surrounding issues like healthcare reform, including the ACA, adds to the political landscape of the sector. Quality, safety, and competition are crucial considerations in ambulatory care, with efforts focused on improving outcomes through electronic systems, preventive care, and patient safety measures. Collaboration becomes vital, especially in rural areas where cost reduction is still a challenge. Looking ahead, the ambulatory care sector faces challenges of rising costs and workforce shortages, requiring innovative strategies for financial sustainability and increased funding for primary care training programs. While adopting a universal healthcare model and using APPs could address some of these challenges, studies suggest that the increase utilization of APPs does not lead to equivalent value-based experiences compared to a strictly licensed M.D. model. In navigating these challenges, healthcare leaders and administrators must prioritize cost containment measures, access to care in underserved areas, and explore sustainable solutions for the future of ambulatory care delivery.

References

- Batson, B., Crosby, S., Fitzpatrick, J. (2022, Jan). Targeting Value-based Care with Physician-led Care Teams. *Journal of the Mississippi State Medical Association [JMSMA] Page-18*. Msmaonline.com.
<https://ejournal.msmaonline.com/publication/?m=63060&i=735364&p=20&ver=html5>
- Brandon, W. P. (2021). Federalize Medicaid to Fix the Affordable Care Act: For Efficiency, Equity, and Social Justice. *Journal of Health Care for the Poor and Underserved*, 32(1), 68–89. <https://doi.org/10.1353/hpu.2021.0009>
- Centers for Medicare & Medicaid Services [CMS]. (2021). *NHE Fact Sheet*. Cms.gov.
<https://www.cms.gov/research-statistics-data-and-systems/statistics-trends-and-reports/nationalhealthexpenddata/nhe-fact-sheet>
- Colorado State University Global [CSUG]. (2023). *Module 6: Health Information Technology*. [Interactive lecture]. Canvas.
https://csuglobal.instructure.com/courses/77646/pages/module-6-overview?module_item_id=3871736
- Health Resources and Services Administration [HRSA]. (2013, Nov). *Projecting the Supply and Demand for Primary Care Practitioners Through 2020 In Brief*. HRSA.gov.
<http://bhwa.hrsa.gov/sites/default/files/bureau-health-workforce/data-research/primary-care-brief.pdf>
- John Hopkins. (2016, May 3). *Study Suggests Medical Errors Now Third Leading Cause of Death in the U.S*. John Hopkins Medicine. hopkinsmedicine.org.
https://www.hopkinsmedicine.org/news/media/releases/study_suggests_medical_errors_now_third_leading_cause_of_death_in_the_us

Kidd VD, Amin A, Bhatia N, Healey D, Fisher C, Rafiq M, E Gallegos MJA, Munoz K. Optimal Use of Advanced Practice Providers at an Academic Medical Center: A First-Year Retrospective Review. *Cureus*. 2023 Jan 31;15(1):e34475. doi: 10.7759/cureus.34475.

PMID: 36733574; PMCID: PMC9889205.

Kornfeld, R., Bureau, U., Hartman, M., Espinosa, N., Butler, R., & Catlin, A. (2020).

A Reconciliation of Health Care Expenditures in the National Health Expenditures Accounts and in Gross Domestic Product. BEA.gov.

<https://www.bea.gov/system/files/papers/BEA-WP2020-8.pdf>

National Center for Health Services (2023). *FastStats - Health Expenditures*. (2023).

CDC.gov/nchs. <https://www.cdc.gov/nchs/fastats/health-expenditures.htm>

Organization for Economic Collaboration and Development [OECD]. (2016, July 22).

Universal Health Coverage and Health Outcomes – Final Report. OECD.org

<https://www.oecd.org/els/health-systems/Universal-Health-Coverage-and-Health-Outcomes-OECD-G7-Health-Ministerial-2016.pdf>

Organization for Economic Collaboration and Development [OECD]. (2022, Sept).

Understanding differences in health expenditure between the United States and OECD countries. OECD.org. [www.oecd.org/health/Health-expenditure-differences-USA-](http://www.oecd.org/health/Health-expenditure-differences-USA-OECD-countries-Brief-July-2022.pdf)

[OECD-countries-Brief-July-2022.pdf](http://www.oecd.org/health/Health-expenditure-differences-USA-OECD-countries-Brief-July-2022.pdf)

Shasta Community Health Center [SCHS]. (2023). *C. Dean Germano*.

<https://www.shastahealth.org/c-dean-germano>