

Hospital closures

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Abstract

During the last years, dozens of hospitals have closed in France, in many cases without opening of new facilities to compensate. This study examines the causal impact of these closures on patient outcomes, distinguishing two key mechanisms through which these closures affect patient care: the relocation effect and the hospital response. The relocation effect occurs when patients who would have been treated at the closed hospital must seek care at another facility. The hospital response effect arises when hospitals face a demand shock that affects the quality of care either through overcrowding or through strategic adaptations to changes in the competitive landscape. To assess these effects, the study employs a hospital choice model to estimate counterfactual hospital selection—that is, the hospital a patient would likely have chosen had the closure not occurred. Preliminary findings indicate that, in contrast to studies in other countries, hospitals that were closed in France did not systematically provide lower-quality care than those which remained open, leading to heterogeneous relocation effects. The responses of hospitals affected by shocks also differ: closures without replacement generate a speed-up response in surrounding hospitals at the cost of increased complications and mortality rates, while simple moves to more modern facilities lead surrounding hospitals to increase their quality.

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