

In general industry, as well as in healthcare, there has been a longstanding discussion on the relative efficiencies of for-profit businesses *versus* not-for-profits, which concerns the very merits of competition itself.

Non-profit

- Roughly 2/3 of the general hospitals
- Owned by corporations established by private (nongovernmental) groups for the common good rather than for individual gain
- Granted broad federal, state, and local tax exemptions
- They are often operated by organizations that have religious ties
- Much of the community benefit is measured in 2 ways: through charity care and “community-benefit programs”
- As health reform legislation evolves, non-profit hospitals tax exemptions continue to be a target for legislation
 - Tax exemptions spared the industry \$12.6 billion in 2006

For-profit

- Owned by private corporations and are allowed to declare dividends or otherwise distribute profits to individuals
- Pay taxes like other private corporations and are often called investor owned
- Historically, the owners were doctors and other individuals, but large-scale publicly held corporations now own most for-profit hospitals

Government Hospitals

- Owned by federal, state, or local governments
- Tend to have special purposes such as the care of special groups (military, mental ill) or education (hospitals attached to state universities)

Study published in New England Journal of Medicine to compare Medicare spending in markets with only non-profits hospitals, only for-profit hospitals, and those with both types.

- Results showed that the government spends more for every type of service studied (hospital, physician, home health, and other facility services) in those areas with only for-profit hospitals