



**Figure 8: Value of New Construction Put in Place: Health Facilities**

Source: U.S. Dept. of Commerce, Bureau of the Census

New ventures to improve the financial viability of hospitals are being tested.

The result of the DRG prospective payment system has been a belt tightening in all phases of the health care industry. For hospitals, this has resulted in the remodeling of old facilities rather than the construction of new ones. It has also meant closings, mergers, acquisitions and new types of commercial ventures. For instance, in July 1986 the Daughters of Charity, which has been operating hospitals since 1874, formed the Daughters of Charity National Health System with an insurance company as its joint venture partner. This will help its 38 hospitals market several insurance options to major employers and permit it to provide more diversified services such as long term care facilities, services for the elderly and home care.

Alternative healthcare practices are promoting smaller specialized centres.

The emergence of alternative health care practices is another off-shoot of the system changes. A major trend is to more specialized health care facilities strategically located close to their markets rather than within large centralized hospitals. Facilities that specialize in emergency care, ambulatory care, hospice care, imaging (CAT scan and related technologies), out-patient clinics, kidney dialysis, nursing homes and the like are now common throughout the country. Even