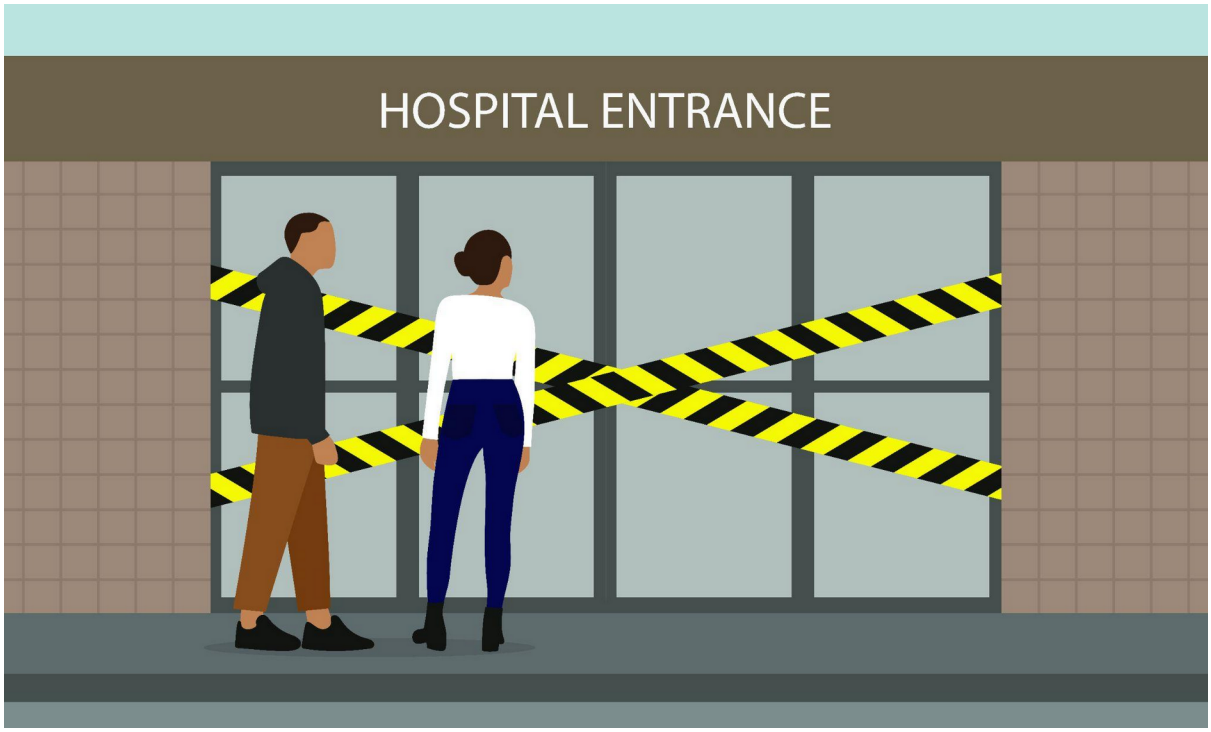
CHE Research Summary 36

Patient welfare implications of hospital closures

Written by Rita Santos.

Research Team: Hugh Gravelle, Giuseppe Moscelli, Rita Santos, Luigi Siciliani.



Closing hospitals is controversial and proposals to close even those providing lower quality care are usually strongly opposed by the public, largely due to concerns about reduced access for the local population.

Our study examined the potential impact of hospital closures on travel distance, patient choice and overall welfare, focusing on patients receiving hip replacement surgery in England. Using data on almost 180,000 patients we looked at travel distance and four indicators of clinical quality: a patient-reported measure of hip pain and function, rate of emergency readmission after surgery, the need for further hip surgery within a year and the number of people who died within 30 days of their surgery. By modelling the closure of hospitals with the lowest performance on each of the quality indicators, we showed how patients would respond and the impact on their welfare.

We found that closing low-quality hospitals generally leads to an improvement in average healthcare quality, as patients choose higher-performing facilities. However, these closures impose significant burdens on patients, especially from rural areas where hospitals are located farther apart. Urban patients face additional travel distances ranging from 2 to 7.6 km, while rural patients experience much greater

increases, sometimes exceeding 23 km. The highest *net* welfare loss for a rural hospital closure is equivalent to travelling more than 10 km extra for treatment.

The impact of hospital closures differs across the quality measures. While closures based on high mortality rates or poor patient-reported outcomes tend to improve healthcare standards overall, closing hospitals with higher than average surgical revision rates does not necessarily lead to clear improvements.

It is evident that policymakers must balance quality improvements against the burden for patients travelling further, particularly in rural areas where closures can deepen existing inequalities. In addition, if the remaining hospitals have limited capacity, waiting times may rise with poorer health outcomes for patients. The absence of nearby facilities could discourage some patients from seeking care altogether. There may also be wider systemic effects such as staff shortages and increased workloads.

Given these challenges, a careful and strategic approach is needed when considering hospital closures. While improving healthcare quality is a priority, closure decisions should not rely on a single quality measure but instead need to consider a range of performance indicators, as well as weighing up the wider impact on local populations.

Read the full paper, funding sources and disclaimers in Regional Science and Urban Economics.

February 2025