



New Report: Wellmont/Mountain States Merger Predicted To Increase Health Care Costs, Limit Choices For Consumers

by **Clare Krusing**

November 13, 2015

For Immediate Release

Washington, D.C. – Consumers could face significantly higher hospital prices if a proposed merger between Wellmont Health System and Mountain States Health Alliance is finalized, according to a new [report](#) from leading economists analyzing the potential transaction and its impact on patients' costs. The study, conducted by Michael Doane and Luke Froeb of Competition Economics LLC and commissioned by America's Health Insurance Plans (AHIP), found consolidation of this magnitude could lead to significant anticompetitive effects in Northeast Tennessee and Southwest Virginia.

“Consumers depend on high-quality, affordable care, and anticompetitive provider consolidation that drives up costs and limits choices for individuals and families fails to deliver on this promise,” AHIP President and CEO Marilyn Tavenner said. “Law enforcement officials should review this merger closely and ensure consumers are protected.”

Key findings from the report include:

- The modeling framework used by regulatory agencies to evaluate hospital mergers predicts huge post-merger price increases.
- In the Southwest Virginia and Northeast Tennessee areas that comprise the overwhelming majority of the inpatient draw (approximately 90 percent), the proposed merger would give the new entity a dominating 77 percent market share.

■

An analysis of inpatients' hospital choices shows that the merged hospitals are each other's closest competitors. If Wellmont were to close, 75 percent of its patients would go to a Mountain States hospital. Similarly, if Mountain States were to close, 72 percent of its patients would go to a Wellmont facility.

The report predicts that any potential efficiencies or quality improvements of the merger, though not specifically analyzed, would have to be significant in order to offset the magnitude of the loss of competition, stating "economic analyses of past hospital mergers have not found projected efficiencies to be large enough to offset anticompetitive effects."

###

Providing Health Benefits for Over 200 Million Americans.

SHARE **FACEBOOK**  **TWITTER**  **LINKEDIN** 
PINTEREST 