

Time for a conversation on hospital consolidation

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All over the country, patients, doctors and others in the health industry are looking for ways to reduce the cost of health care. Insurers are moving to value-based care instead of volume-based care. Patient groups are pushing drug-makers to be more transparent about pricing. And, providers are taking advantage of telemedicine to make care more convenient and cost-effective for consumers.

While these trends are helping to curb the cost of care, another movement gaining traction around the U.S. seems to be having the opposite effect.

As more and more hospitals consolidate, many communities are talking about how these mergers affect affordability and the cost of local health care services. There is documented evidence that the merging of hospital systems is driving up the cost of care for Americans.

This is an important conversation to have; and now, it's Tennessee and Southwest Virginia's turn.

Right now the Tri-Cities area has a front row seat for this debate over hospital consolidation. Thousands of residents are watching as their two medical systems move toward a merger that will create what some might call a mega-system for Northeast Tennessee and Southwest Virginia. So, it's our responsibility to learn more about the potential impact on consumers.

Hospital consolidation, when done properly in a competitive marketplace, can benefit surrounding communities and lead to improved quality of care for residents. Unfortunately, that hasn't always been the case for many communities, in which hospital mergers simply led to lost jobs and increased costs, due to a lack of competition.

The trends are cause for concern. In the past year alone, there have been 95 hospital mergers or acquisitions around the country. Studies have found that increased consolidation has led to increased costs for consumers.



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A recent report out of California found that people living in regions with multiple competing hospitals have substantially lower premiums than regions with less competition. The report, published in the Antitrust Health Care Chronicle, found that more competitive markets had premiums that were 8 percent lower, saving consumers \$20 or more per month.

Consolidation is generating concern with some of our neighboring states, as well.

In Georgia, Emory Healthcare and WellStar Health System recently announced plans to merge, raising red flags from consumer advocates worried about the impact of higher prices on consumers, especially if these costs come with little to no improvement in quality of care. And, in North Carolina, routine medical costs have soared in Mecklenburg County, where more than half of all physicians have joined major hospital networks.

Consolidations that create monopolies and drive up the cost of care for consumers undermine the goal of affordable health care across America. Certainly, some concentration may improve quality of care or standardize best practices — something we can all hope for and support. On the other hand, when done poorly, consolidation also can limit options for patients and increase costs.

Wellmont Health System and Mountain States Health Alliance have a critical responsibility to address the impact of their proposed merger on local communities and consumers who live in the Tri-Cities area.

Without more discussion, the result could be the same as so many other communities across America — less competition and higher prices.

Tennesseans and Virginians deserve better.