

Indiana weighs hospital monopoly as officials elsewhere scrutinize similar deals

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Locals in this city of 58,000 are used to having to wait at railroad crossings for one of the dozens of daily cargo trains to pass through.

But a proposed [merger](#) between the two hospitals on either side of the city could exacerbate the problem in emergencies if the hospitals shut down some services, such as trauma care, at one site, which the proposal cites as a possibility. Tom High, fire chief of a nearby township, said some first responders would be forced to transport critical patients farther, risking longer delays, if they become what locals call "railroaded" by a passing train.

That's just one of the fears in this community as Indiana officials review whether to allow Union Hospital, licensed as a 341-bed facility, to purchase the county's only other [acute care hospital](#), the 278-bed Terre Haute Regional Hospital. The proposed deal also raises concerns about reduced [tax revenue](#), worsening care, and higher prices.

Within the next few months, the Indiana Department of Health must find "clear evidence" that the proposed merger would improve [health outcomes](#), access, and the quality of care. Those benefits must "outweigh any potential disadvantages."

As the nation's health care industry has become more concentrated amid a steady clip of mergers in recent decades, it's common for one large system to dominate a market. In this case, the deal would be Indiana's first merger under the COPA law, short for Certificate of Public Advantage, that the state enacted in 2021.

Such laws allow deals that the Federal Trade Commission otherwise considers illegal because they reduce competition and often create monopolies. To mitigate the negative effects of a monopoly, the merged hospitals typically agree to conditions imposed by state regulators.

Union Hospital leaders said it's time to move "beyond competition" for the sake of the region, which has struggled to keep jobs and raise life expectancy rates. Hospital spokesperson Neil Garrison said the merger

would ultimately improve care, increase access, and cut costs. Leaders of Regional Hospital, which is owned by for-profit chain HCA Healthcare, did not respond to questions about the proposal.

One unusual implication arises, though: If the merger is approved, the surrounding county would lose tax revenue from one of its larger businesses. Union Hospital, which as a nonprofit is exempt from paying taxes, would be acquiring tax-paying Terre Haute Regional, which paid roughly \$508,000 in county taxes for 2023, said Vigo County Auditor Jim Bramble. That's the equivalent of the starting salaries of about nine sheriff's deputies, per the county's \$83 million 2024 budget.

Garrison said the hospital system is aware of the tax implications for the county and is "exploring opportunities" to address it.

Meanwhile, Roland Kohr, formerly a pathologist at Regional and a county coroner, frets about erasing competition that forced the hospitals to add services or match the other. "The push to introduce new technologies, to recruit more physicians, that may not happen," he said.

The FTC has urged states to avoid COPAs, pointing to research that found they "have resulted in significant price increases and contributed to declines in quality of care." The fallout of similar mergers has triggered federal sanctions in North Carolina and pushback from locals and legislators in Tennessee.

"A merged hospital system that faces little remaining competition after the merger usually has little incentive to follow through with its promises because patients have no other choice," wrote Chris Garmon, a University of Missouri-Kansas City economist who has studied COPA mergers, in a warning to Indiana health officials about the proposed merger.

Indiana already has among the highest hospital prices in the country, according to a study by the Rand Corp. research organization. The Indiana Legislature spent the past year trying to rein in prices. Gloria Sachdev, CEO of Indianapolis-based Employers' Forum of Indiana, which pushed for those pricing limits on behalf of frustrated business leaders, is worried a Union-Regional merger would undo those gains and raise prices further.

Indiana's COPA restricts how much the hospital could increase charges, Garrison said.

Elsewhere, the largest COPA-created hospital system in the country, Ballad Health, has reported that the time patients spend in its ERs in Virginia and Tennessee before being hospitalized has more than tripled, reaching nearly 11 hours, in the six years since that monopoly of 20 hospitals formed. Still, Tennessee has awarded Ballad top marks even when certain quality metrics, including its ER speed, fall below established benchmarks.

Ballad Health spokesperson Molly Luton said the system's performance has improved since those statistics were gathered.

Last fall, some Tennesseans unsuccessfully urged a county board to call on the state to better regulate the hospital system. This spring, state lawmakers refused to hear testimony from residents who drove five hours to Nashville to testify for a bill that sought to limit future COPA mergers in the state—which ultimately didn't make it to a full vote.

Problems have also occurred when a COPA—and its oversight—are removed, leaving the merged hospital system as an "unregulated monopoly." After North Carolina repealed its COPA in 2015, a subsidiary of HCA Healthcare bought Mission Health, a COPA-created monopoly in Asheville, for \$1.5 billion in 2019. The monopoly in

Asheville remained but none of the COPA's conditions applied to the new owner.

Last year, government inspectors found "deficiencies" at Mission Health that contributed to four patient deaths and posed an "immediate jeopardy" to patients' health and safety, according to the 384-page federal inspection report. North Carolina Attorney General Joshua Stein sued HCA's subsidiary last year, alleging the ER was "significantly degraded," and that the company failed to maintain certain critical services, including oncology care, a violation of a purchase agreement Stein's office negotiated with it because the company acquired a nonprofit.

HCA said it promptly addressed the issues and denied Stein's allegations in its legal response to the ongoing lawsuit, arguing it has expanded services since its purchase. HCA also argued that the agreement is silent about maintaining the quality of care.

Back in Indiana, Union Hospital laid the groundwork for its merger more than three years ago when its leaders provided the language for COPA legislation to then-state Sen. Jon Ford, a Republican in Terre Haute, believing he would be "the best champion for this proposal," according to legislative testimony from Taylor Hollenbeck, an RJL Solutions consultant on the merger. Ford, listed on the legislature's site as the bill's co-author, did not respond to requests for comment.

Union CEO Steve Holman testified in the bill's hearings that the county's public health rankings—with an average life expectancy ranking 68th out of 92 counties in the state—should be a "call to action" to do something "big and bold."

Terre Haute Mayor Brandon Sakbun agrees the merger could help what he called the county's "abysmal" public health statistics. Last year, he

was elected the city's youngest mayor at age 27 on a promise to "turn Terre Haute around." The region's workforce has steadily declined and local leaders have pinned their hopes on a new casino and a manufacturer of battery parts for electric vehicles to reverse this trend.

Sakbun's father is an OB-GYN at Union, but the mayor said that doesn't color his opinion and that he supports the hospital merger despite the loss of the tax base. He believes it will help recruit medical and other professionals to an area that has struggled to attract top talent.

"Do I believe that this is the one that bucks the research?" Sakbun said. "I truthfully do."

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