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New Study: Hospital Realignments Create Significant Benefits, Preserve Access to Care

Washington, DC – Hospital realignments create significant benefits for patients and communities, according to a comprehensive review by the *Center for Healthcare Economics and Policy,* commissioned by the *Federation of American Hospitals*. This research finding challenges the conventional wisdom about the impact of consolidation.

The Center's analysis outlines improvements in health care resulting from mergers, including preserving access to care, and underscores the fact that lacking such realignment, patients and communities face disruptions in emergency services, other service lapses and potential hospital closures.

The study yields a critical finding on cost of care: there is no consistent statistical relationship between consolidation and hospital price increases. Commentary asserting that hospital mergers raise prices is often based on outdated studies from as far back as the 1990s. Studies using old data reflect much different market conditions than currently exist and contribute to a biased perception of realignment today. Further, an analysis of recent realignments shows the vast majority of mergers do not impede market competition, according to the study.

"This analysis is a reality check that turns the prevailing policy mantra about consolidation on its head," said Chip Kahn, President and Chief Executive Officer of the Federation of American Hospitals. "We now have a contemporary assessment demonstrating that hospital realignment preserves local communities' access to essential care and provides additional benefits to patients and communities."

"Perceptions about hospital consolidation and pricing also miss the big picture: keystone government and private studies show the U.S. is in the midst of a stunning and enduring health care spending slowdown," Mr. Kahn added.

Currently, the nation's health care landscape is shifting toward integrated systems and coordinated care, which according to the Center's study creates sustainable market conditions for hospital care and services. It is this transition of the health care model in conjunction with other factors, including substantial public sector reductions in hospital funding, which necessitates many of these realignments – hospitals must adapt to survive and continue serving their patients.

By pursuing mergers and other consolidation efforts, hospitals are able to maintain their public safety mission in the community and preserve patient access to necessary health care. Realignment also fosters essential and sustained investment in health care services and facilities and hospital technology, including electronic health records, according to the Center's study.

The Center's study provides a comprehensive analysis of hospital realignment studies, reviewing 75 studies (from the years 1996-2013) and 36 primary sources in total. This study gives much-needed perspective to the benefits of realignment and current market realities.

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MEMBERS OF THE MEDIA: Any press interested in speaking with Mr. Kahn should contact Richard Coorsh, 202-624-1527/rcoorsh@fah.org.

The Federation of American Hospitals is the national representative of investor-owned or managed hospitals and health systems. Our members include general community and teaching hospitals in urban and rural areas as well as rehabilitation, long-term, cancer and psychiatric hospitals.

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