



## Hazards of Hospital Consolidation



In 2014, there were 95 hospital mergers, the highest since 2000. It is being forecasted that within the next five years, around 20 percent of all U.S. hospitals will seek a merger. A Viewpoint published in *JAMA* evaluates the implications of hospital conglomerates and the growing trend of hospital consolidation with respect to quality, access, and price.

It is believed that one of the biggest advantage of consolidation is that large hospital conglomerates increase the level of quality control throughout the system. However, it is important to note that most of the leading quality and safety successes in medicine have taken place in collaboratives formed by competing hospitals as compared to collaboratives within one fully owned system. It can thus be said that quality successes are influenced by state hospital associations, various national groups, and other quality organisations and do not always require mass consolidation.

Another advantage of consolidation is the achievement of improved outcomes by concentrating patients in high-volume centers. However, this benefit can be achieved without consolidation. Large tertiary referral centers have been in use for decades where patients with complicated cases are referred to. Triaging of patients can be effectively done through the interoperability of electronic health records and better transparency. With the advancement in health navigation technology, patients are now empowered to find the best physicians and the best centers that would be right for their particular health condition.

Findings of a systematic review of eight studies that compared outcomes in competitive and noncompetitive marketplaces show that competition was associated with improved quality and lower patient mortality. Therefore, the perception that consolidation and reduced competition improves patient outcomes may not be completely accurate.

According to a study of California hospitals, it was found that hospital mergers were associated with increased utilisation among patients with heart disease. The author hypothesised that as a result of infrastructure consolidation, patients were required to travel further for care which resulted in more intensive procedures and higher mortality. Hospital consolidation may result in greater utilisation because hospitals that own expensive equipment are more likely to refer patients for in-system treatment over other treatment options. This could result in suboptimal care and overtreatment.

A major risk associated with a monopolised hospital system is that if a market fails, there is likely to be a significant impact on the population's health. People in that particular region may have to pay for a bailout of the hospital system. This kind of threat is greater in rural areas where typically one hospital system is the source of medial care. If a hospital system is too big to fail, there is a risk that patients may end up with no viable

medical services if the system fails. Hospitals mergers also result in increased prices which can add to the burden of high-deductible insurance and increasing co-pays.

Despite these risks, the trend of hospital consolidation continues to flourish. However, it is important to consider the implications of this trend on quality, access and price.

Source: [JAMA](#)

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Published on : Sat, 15 Aug 2015