

I must admit, I was surprised when the Robert Wood Johnson Foundation's June 2012 report on healthcare integration (or mergers) came out with what some would describe as a cautious endorsement of competition in the healthcare marketplace. Statements that the evidence on cost reductions and clinical improvement "is not very supportive of initiatives to encourage physician hospital integration..." and that "the prospect that the ACA (Affordable Care Act) could encourage greater physician-hospital consolidation gives some cause for concern"(1) appear to embrace the concept that competition is important in assuring a high value healthcare system. Free-Market advocates have long held that if there are too few providers in the marketplace, it does not matter what type system of payment is used, the purchaser will be paying too much for healthcare because the provider, not the purchaser, will have the upper hand in contract negotiations.

Although the alarm has been sounded, the transformation to a consolidated healthcare system run by oligopolies has, for the most part, already taken place. Large scale employment of doctors by hospitals (2) has been spurred by the much higher reimbursements (as much as 80% more) a physician will receive for services by just signing the hospital's contract.(3) If he stays in an independent practice he is faced with skyrocketing costs and reimbursements which do not keep up with his rising practice overhead.

Large hospital networks are also forming through mergers.(4) The type of healthcare we are used to may change as private equity firms and insurance companies are starting to enter the market with the purchase of hospitals.(5,6,7) Arguments of where the resources will come from to implement costly quality improvement measures take on a whole new meaning when the budget has to juggle not just the needs of the patients but also the needs of investors.

Governance and oversight of these large corporate bodies is of utmost importance. However, the Centers for Medicare and Medicaid recently gave these corporations the power to dissolve local Community Hospital Boards. (8) In the final regulations, a requirement for at least one medical staff member must be on the Board was written into law, with the intent of facilitating communications between the Board and front line operations.(8) However, one month after the regulation was finalized, powerful industry lobbyists had this provision suspended.(9)

That is not to say all is bad in the ACA. The increase in coverage is to be applauded. However, similar to their form attempt in Massachusetts, where 98% of citizens have health insurance,(10) the cost of healthcare is still too expensive and still increasing(11-14). A good idea at the time, but in desperate need of revision.(12) The rest of the nation needs to learn from and not mimic the Massachusetts experience. As stated by the philosopher George Santayana, "Those who cannot remember the past are condemned to repeat it".

Our current healthcare system's skyrocketing costs are unsustainable. If left unchecked, in 2030, the cost of health insurance is projected to be 50% of the average household's income.(14) Another transformation may inevitably take place which will lead us to either a restoration of a truly competitive system or to a government operated, and possibly owned, single-payer system. Which system the United States eventually embraces may to a large part depend upon the outcome of this Fall's election.

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