

March 24th, 2024

Comments Regarding Hospital Budget Review Process

1. Hospitals who have evolved into Mega hospitals are under scrutiny nationwide. The assumption that bigger is better has not led to improved quality or reduced costs. In addition, wait times have gone up. Patient choice has gone down.
<https://www.ncbi.nlm.nih.gov/pmc/articles/PMC6170097/>
2. Hospitals getting into the business of what independent community healthcare businesses provide has resulted in a tremendous loss of small HC businesses. Hospitals now own nearly ½ of medical practices.
<https://www.fiercehealthcare.com/practices/practice-consolidation-private-practice-departures-skyrocketed-during-covid-19>
3. Competition is good. As the level of competition within a healthcare system decreases, the level of healthcare system costs increases.
<https://www.ncbi.nlm.nih.gov/pmc/articles/PMC2865678>
4. Hospitals that have grown to own a large market share create an unfair advantage that has resulted in 4-5 times the insurance payments compared to that of independents. This drives many independents to either be absorbed into a hospital or go out of business.
<https://www.bcbs.com/the-health-of-america/articles/ambulatory-payment-classifications-site-neutral-analysis>

If we think about the healthcare system as a whole...while we unequivocally need hospitals to treat the seriously ill, diseased and injured, we do not need hospitals to take over private practices. If hospitals could do ancillary care more competently, we would have seen it by now and have reason to encourage it. Evidence shows the opposite is true.

It makes no sense to have care be managed in the most expensive, least efficient way when there are good options. Independent practices routinely get patients in sooner for less cost.

Suggestions/thoughts to consider–

- Looking at budget, the term “out-patient” needs to be clearly identified as whether truly hospital care such as what relates to ambulatory surgery vs. care that independents provide. Categorizing out-patient services of a hospital will provide valuable information to true cost of what is hospital based (necessary for a hospital to provide) and what is ancillary. Preventative care for example. My thought is, if the trend is reversed so care is provided more by independents, the healthcare system has the potential to save millions of dollars which could be applied more effectively to sustain hospitals.
- A way to encourage a shift is through pay parity (same payment for same service). Payments to hospital owned ancillary out-patient care would go down... independent provider's up a bit...the HC systems total spend reduced. Insurers want this. The federal government wants this. The only group fighting this are hospitals. Think about it.
- Think about the cost if we continue to allow a mega-hospital to continue as is.
- Hospitals require regulation for a reason. It is the same reason any large business that threatens a fair market needs regulation. Breaking up a monopoly is at times necessary for the good of the public. The federal government, FTC and fiduciaries are scrutinizing mega-hospitals.
- What is undeniable is the need for radical change. Restraining a mega-hospital budget alone does not affect the change necessary to reduce the overall cost of our healthcare system.