

## Patient Perspectives on Hospital Closures, Consolidation, and “Healthcare Deserts”

Testimony for a Joint Senate and House Democratic Policy Committee Hearing  
May 14, 2024

The Pennsylvania Health Access Network (PHAN) is a statewide organization providing assistance annually to thousands of Pennsylvanians in nearly all of Pennsylvania's 67 counties. We help people navigate problems they encounter enrolling in health coverage, getting care, or resolving issues from care they already received, including medical bills. Through our Helpline and our in-person connections with individuals in local communities, we hear hundreds of stories each year of how healthcare is not working for Pennsylvania families, small business, seniors, and hardworking individuals and young adults. To that end, PHAN also advocates for policies that improve the quality, affordability, and equity of healthcare for all Pennsylvanians.

### **When hospitals close, local communities struggle. Why are hospitals closing in our state?**

Over the past several years, more communities have experienced a hospital closure. Whether a full hospital closure or partial hospital closure with key services eliminated, communities struggle with this impact. Patients not only lose access to hospital-based care, but they often also lose access to diagnostic imaging and tests, and to their trusted doctors, who have to move their practices to new locations. Healthcare jobs, often filled by our neighbors and friends, are lost and our local communities struggle with the economic impacts a closure has.

Closures mean that patients end up traveling longer distances to get care. This additional travel is often complicated by the fact that local providers may be in-network with their current health plan before the closure, but out of network post closure due to needing to get care across county - or even state - lines. Because of all these new challenges related to the closures, patients frequently wait or put off critical, sometimes life-saving care.

While there are many factors and unique situations that lead to a full or partial closure, there is a consistent unifying factor: hospitals that have a full or partial closure almost always have a preceding merger, acquisition, or change in ownership prior to that closure.

- More than 90% of closures are preceded by a merger, acquisition, or change in ownerships. Thirty of the 33 hospital closures we looked at in the past 20 years, and 14 of 15 closures in the past 5 years have been preceded by a merger, acquisition, or change in ownership.
- The pace of hospital closures is increasing with nearly half of the closures in the past 20 years happening in just the last 5 years.

- The time between a merger, acquisition, or change in ownership and a closure has decreased by nearly half: from 7.6 years when you look at the past 2 decades, to just 4.1 years over the past 5 years.

A merger, acquisition, or change in ownership is one of the best predictors that a community will experience a full or partial closure. Many promises are made during these mergers, acquisitions, or changes in ownership and sadly communities often realize too late that those promises are broken as soon as the cameras are off and the attention fades. Our local communities and patients deserve better accountability and transparency whenever their community faces a merger, acquisition, or change in ownership.

Not all mergers, acquisitions, or changes in ownership are bad. We have seen examples in Pennsylvania particularly in the North Central part of the state - Potter, Tioga, and Lycoming Counties - where access to care has been preserved and even enhanced. We have, though, also seen a nearby closure in Lock Haven, Clinton County. While there is no clear, comprehensive data set to examine all of the consolidation-related activity, for the data we have been able to assemble through multiple state and federal data sets, university-based research, and new clippings, it appears that right now in Pennsylvania, **roughly one in three mergers, acquisitions or changes in ownership result in a full or partial closure.** Communities deserve to know how hospital mergers, acquisitions, or changes of ownership might affect them.

**What do hospital mergers, acquisitions, or changes in ownership mean for Pennsylvanians? Closures are a huge part of the problem, but it goes much further than that.**

The simplest example of an impact is distance. When services were closed at UPMC Bedford and redirected to UPMC Altona, that's nearly an hour up Interstate 99. When Sunbury closed, it is true that Evangelical is just up the road, but it is affiliated with an entirely different health system and this has caused access and coverage issues for patients in that community. UPMC West Shore is an hour and fifteen minutes south.

Even when distance is not a factor, time and capacity certainly are. Closures in Delaware County where other hospitals exist have created bottlenecks for emergency first responders as they navigate congested local roads to go even short distances. Also, local hospitals do not always have the capacity to deal with additional patients. Just because a hospital is there, does not mean the community's needs will be adequately met. And when a hospital completely closes, all the other healthcare providers in that community need to develop new plans as to where to send patients for even basic or routine medical care.

We have heard from other testifiers that in recent years, large health systems have bought up our local hospitals and small regional health systems. The promise has always been that greater efficiency will improve quality and lower costs. In reality, the lack of competition has resulted in few if any gains in patient quality while often leaving communities with higher prices for care.

In Delaware County, where Springfield and Delaware County Memorial have closed, the remaining hospitals in the area often charge more than 3 times what those hospitals were charging for basic services. We hope to be able to explore this in other areas of the state that have experienced closures but especially as the family deductible in Pennsylvania approaches \$3500 for families and \$1800 for individuals in 2022 - and 2 in 5 Americans can't cover an unexpected expense of \$400 - prices really do matter.

Prices are not just an issue in closures. When we compare smaller health systems or independent hospitals to the larger more dominant players in their area we see that prices vary starkly.

Look at Washington Hospital. Its prices are nearly half those charged at AHN Cannonsburg right down the road.

Or look at St. Clair Hospital. A CT scan there might cost \$402 there but if you head through a tunnel and over a bridge to UPMC Mercy, you pay nearly 7 times that price and if you continue down the road to Shadyside, you'll pay nearly 9 times that price.

Lastly, in the Lehigh Valley, an MRI at St. Lukes costs \$650 where as at LVHN it costs \$2,010.

Good data suggests that this price variation and the ability to command higher and higher prices by acquiring local hospitals is one of the key drivers of consolidation. Larger hospitals want to get bigger and bigger so they can command higher and higher prices.

Consolidation has a very real impact on patients. Ultimately, we can show that they simply do not get the care they need. According to a 2023 statewide survey with a representative sample of Pennsylvania conducted by Altarum's Healthcare Value Hub:

- **58% of Pennsylvanians** said they are **worried about the impacts of hospital mergers** on their communities.
- **1 in 8** of all Pennsylvanian adults reported that they or a family member were unable to access their preferred health care because of a merger in the past year. Of those:
  - **Half (52%) skipped follow-up visits**
  - **Nearly half (45%) delayed or avoided a doctor's visit.**
- Of those who reported a merger caused some other kind of burden for themselves or their families, **1 in 3** reported **added wait times** in finding or getting care while **1 in 4** reported **added financial burdens.**

**Pennsylvanians want solutions that protect patients from anti-competitive practices and the rise of medical monopolies.**

The same 2023 Altarum survey showed that across party lines, 9 in 10 Pennsylvanians want the state government to act.

- 89% say the government should stop hospitals from engaging in anti-competitive practices (87% Republicans, 93% Democrats, 87% Independents)
- 86% say the government should strengthen policies to drive more competition in health care markets to improve choices and access (87% Republicans, 88% Democrats, 83% Independents)
- 84% say the government should empower the Attorney General to stop the sale or purchase of hospitals or doctor practices, or monitor those sales for harmful effects such as reduced access or increased prices (80% Republicans, 89% Democrats, 82% Independents)
- 82% say the government should set limits on healthcare spending growth and penalize payers or providers that fail to curb excessive spending growth (80% Republicans, 85% Democrats, 80% Independents)

Not only are your constituents harmed by a lack of action, but they support you in taking action to improve our healthcare markets, restore competition, and check uncurbed, high and rapidly rising prices.

Thank you for your time and consideration in this matter.

Patrick Keenan, Director of Policy and Partnerships  
Pennsylvania Health Access Network  
(717) 322-5332  
[patrick@pahealthaccess.org](mailto:patrick@pahealthaccess.org)