

Effects of Hospital Consolidation



Hospital mergers have been on the rise in recent years, with the pace accelerating since 2010. A recent study showed that the trend had no significant impact on readmission rates or mortality rates while the patient experience was negatively affected.

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There are many arguments supporting hospital consolidation, such as growth in efficiency and [lowered costs](#) resulting from harnessing the economy of scale and scope. Much research, however, [showed](#) that consolidation led to higher prices, did not improve quality or reduce costs. In *Changes in Quality of Care after Hospital Mergers and Acquisitions*, Beaulieu and colleagues (2020) identified that in acquired hospitals there was also a modest decline in patient experience.

Funded by the Agency for Healthcare Research and Quality and published in the *New England Journal of Medicine*, the study analysed the hospital performance data from 2007 through 2016 using four measures of quality of care:

- clinical-process measures
- patient-experience measures
- mortality; and
- and the rate of readmission after discharge.

The researchers juxtaposed these with data on [hospital mergers and acquisitions](#) in 2009–2013 to compare changes in the performance of hospitals that changed ownership with the control group that did not. The former sample comprised of 246 hospitals, the latter of 1,986 hospitals.

The results showed a modest decline in patient experience for cases of hospital consolidations, especially when the ownership was transferred to health systems with low-ranking scores for patient experience. There was no significant change in such metrics as 30-day readmission rates or mortality rates. It was noted that acquired hospitals improved their clinical-process measures of quality, but the effects were inconclusive.

The usual arguments against hospital mergers involve [lack of competition](#) (Gaynor et al. 2013) and, consequently, cost increase and insufficient effort in improving the quality of care in both administered price systems (eg UK National Health System) and market determined systems. This association, however, is not as straightforward with the latter. Also, when hospitals focus on efficiency in cost control, consolidation may lead to staff layoffs and to neglect of necessary integration.

References

Beaulieu ND et al. (2020) Changes in Quality of Care after Hospital Mergers and Acquisitions. *N Engl J Med*, 382:51–59. Available from <https://www.nejm.org/doi/full/10.1056/NEJMsa1901383>

Gaynor M, Moreno-Serra R and Propper C (2013) Death by Market Power: Reform, Competition, and Patient Outcomes in the National Health Service. *American Economic Journal: Economic Policy*, 5 (4):134–66. Available from <https://www.aeaweb.org/articles?id=10.1257/pol.5.4.134>

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