

Consolidation and Corporate Ownership in Health Care: Trends and Impacts on Access, Quality, and Costs

Prepared statement by

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I want to thank Chairman Wyden, Ranking Member Crapo, and the distinguished members of the Senate Finance Committee for the opportunity to testify today.

Over my 33-year career, I have had the opportunity to serve a wide variety of healthcare facilities. Starting with long-term care facilities, two critical access hospitals, three not-for-profit healthcare systems, and finally, for the past 16 years, I have been the CEO of a community-owned, independent, not-for-profit hospital in western Colorado. Community Hospital of Grand Junction, Colorado, serves the largest metropolitan area between Denver, Colorado, and Salt Lake City, Utah. Though our county is classified as metropolitan, we primarily serve patients from rural and frontier counties. I am a firm believer in the value of independent, community-owned hospitals. Our ability to singularly focus on the wellbeing of our community and the needs of the patients within our service areas differentiates us from system hospitals. We have proven that by competing when appropriate and partnering when the opportunity presents itself, we can lower the cost of healthcare, improve access, and improve the quality of care our community receives. Fair competition is critical to the sustainability of these gains and must be maintained if we are going to continue to improve on all three fronts.

Prior to the growth and success of Community Hospital, Mesa County, Colorado, was one of the top ten most expensive counties in the nation for hospital stays.¹ The Grand Junction healthcare market was dominated by single-source providers. The community had only one option for most physicians' specialties and most hospital services were only provided by one hospital. Because we are an independent hospital, with local decision-making authority, we are able to nimbly move to address the needs of our community. We have a board of directors who live in our community; they are bankers, lawyers, business owners, and physicians. This allows them to make appropriate and timely decisions to help positively impact the lives of our friends and neighbors.

¹ <https://www.denverpost.com/2015/12/21/grand-junction-is-among-the-most-expensive-places-for-hospital-stay/>

We have been able to address community needs, including adding multiple primary care providers, multiple specialists, and adding a clinic in an area that has been a healthcare desert for decades. We are also developing an Early Childhood Education Center to address the severe child care shortage within Mesa County. We were able to complete these last two projects with the help of Congressionally Directed Funds from Senators Bennet and Hickenlooper.² This is one example of how federal action can expand access to care in rural communities and strengthen local economies.

As the second longest-serving hospital CEO in the state of Colorado, I moved to a hospital that had a tremendous foundation for compassionate care but was struggling to survive. Through innovations, the creativity of staff, local partnerships, and a supportive board, our hospital was able to grow from below 10% market share to our current 30% market share.

Providing safe, quality care and creating a great place to work for our friends, families, and neighbors is the one of the most important roles of an independent hospital's board of directors and their CEO. Independent hospitals have accomplished this by working directly with our communities to determine gaps in care, opportunities to expand care options and partnering with other local organizations to better care for our communities.

An example of these partnerships is our innovative, direct contract with our school district (the largest employer in our region) who was experiencing significant losses within their employee health plan. In addition to the district's financial challenges, our teachers were paying nearly half of their annual income on premiums and deductibles before any insurance benefits were available. As partners, we worked to lower their healthcare costs, increase access, strengthen Community Hospital, and removed the insurance company's overhead costs. By the end of our partnership, the school district had a multi-million dollar surplus, and their staff had one of the most robust benefit plans available within our community. Unfortunately, we have lost that contract to a larger, consolidated hospital in the region after they made significant price concessions that we were unable to match.

Community Hospital also partners with the local university and provides sports medicine to their student athletes and on-campus student health services, including reproductive health. During the COVID-19 pandemic, our Chief Medical Officer and our Infectious Disease doctor participated daily with the leadership team from the university to implement surveillance strategies, preventative care options, testing protocols, and treatments for staff and students. Our university was one of the only universities in the country to stay open during the pandemic.³

Today all independent hospitals face many challenges. Payors continue to make it more difficult to get paid for the services we provide, and threats from larger health systems acquiring assets in and around our communities are a few of the main items keeping us up at night. In our case, a larger health system acquired our main competitor and is bringing their health insurance products into our community. If they are successful at growing the number of lives covered by their health insurance products, we fear they could block access to our hospital through tiered products, driving their covered lives to their hospital.

Independent hospitals pride themselves on being a local community partner, exclusively supporting areas within their market. They reinvest their dollars into their communities, they support local businesses, keep their money in local banks, and they buy from local vendors, utilize local contractors and

² <https://www.bennet.senate.gov/public/index.cfm/2022/3/bennet-secures-over-121-million-for-colorado-projects-in-fy22-funding-bill>

³ <https://www.nytimes.com/2021/05/17/health/coronavirus-broad-colorado-mesa-sabeti.html>

subcontractors and support other local non-profits. At Community Hospital for example, over 90% of the money we spend on our construction projects stays within Mesa County.

As an independent hospital, we have been able to make sound decisions for our community but have been at a disadvantage in that we are the only hospital in our region that does not have a Centers for Medicare and Medicaid Services (CMS) designation. In 2021, we received 19.8% less from Medicare than the larger hospital in our market on a case-mix adjusted discharge basis. This is an area that Congress could help, by creating a CMS designation for independent hospitals.

As independent hospitals have looked at growth needs and opportunities, the need for more providers, especially in primary care, has been evident. Recruitment of these providers has been paramount for all independently owned hospital. An interesting trend that we have seen is that as we meet with and recruit providers, they want to be employees of the hospital. The model of providers owning their own practices and doing the work to contract with each insurance company, to hire and maintain their own employees, and to maintain buildings, is no longer appealing to most physicians. We have seen that play out in our market as many independent practices have approached us to join Community Hospital.

We understand and appreciate the role system hospitals play in America. Their innovations, their commitment to research and education, and their support for communities that are unable to support their own healthcare needs is critical. There is also a significant role for the independent hospital. In many cases, we are that alternative, that option for a more local approach. As we have experienced in Mesa County, options within healthcare generate real, positive improvements in the health and the wellbeing of our community. Consolidation is not the only option.⁴

Conclusion

Independent hospitals play a critical role in supporting their community's wellbeing. We are an integral part of a competitive healthcare market. Our ability to be agile, serve the unique needs of our communities, and serve as a champion for patient choice, is critical to the future of local healthcare. If the few independent hospitals left are going to survive, care for our communities and continue to lower the cost of healthcare for our patients, we need support from Congress.

⁴ <https://hms.harvard.edu/news/care-costs-more-consolidated-health-systems>