



CHCA

CONNECTICUT HEALTH CARE ASSOCIATES

261 Center Street, Wallingford, CT 06492 • (203) 265-2297 • (203) 284-0624

Testimony of Barbara Simonetta, RN
before the Public Health Committee
March 25, 2015

in support of

S.B. No. 1120 AN ACT CONCERNING APPLICATION OF THE STATE'S ANTITRUST LAWS TO HOSPITAL ACQUISITIONS

My name is Barbara Simonetta and I am the president of Connecticut Health Care Associates, NUHHCE, AFSCME and I represent over 1700 Registered Nurses and other health care employees in Connecticut. I am here to speak in support of a bill before you dealing with the restructuring of hospitals in Connecticut.

My Union represents nurses and technical employees at Waterbury Hospital, a target of two failed takeovers by for-profit entities in the last three years. After going through those processes, first with LHP and then with Vanguard, which was bought by Tenet, and coupled with the rapid changes brought on by the ACA, it is clear to me that there is a need for substantial reform to our hospital system. Those reforms include the need for an overarching policy for our state to protect patients and payers and the community when hospitals are bought and sold.

S.B. 1120 is one of several bills before the General Assembly this session that respond to the changing landscape for hospitals. Waterbury Hospital's most recent suitor, Tenet, proposed to purchase not only Waterbury Hospital but St Mary's, EHCN, and Bristol as well. It also entered into a strategic partnership with Yale-New Haven which also controls a number of hospitals along the I-95 corridor. So if the deal had gone through- this partnership would control a third of the hospitals in the State.

Under current regulatory oversight, the CON process is divorced from considerations over whether hospital mergers violate antitrust statutes. Insufficient attention would have been paid to the effects on quality and cost of that consolidation of market share prior to OCHA giving an approval of the Tenet-YNH entity. Folding such consideration of antitrust ramifications into deliberations on whether hospital conversions should move forward is good public policy.

A healthcare publication noted:

In markets as disparate as Toledo, Ohio and Boise, Idaho, federal courts are deciding hospital antitrust cases with broad implications for the industry. In Ohio, the Federal Trade Commission has successfully fought hospitals' merger plans in Toledo. In Idaho, the state's largest health system recently appealed a lower

court's ruling that its purchase of the state's largest physician group would have anti-competitive effects.

Such judicial decisions are shaping the future of hospital mergers and acquisitions at a time of rapid consolidation in the U.S. healthcare field. (www.healthcarediver.com Two hospital antitrust cases you should be watching [Judy Packer-Tursman](#), June 20, 2014)

A cursory understanding of economic theory teaches that monopolies drive up prices. In addition to the cases cited above, courts in Massachusetts recently blocked a proposed merger by Partners du, in large part, to concerns over high costs:

On Jan. 29, 2015, Massachusetts Superior Court Judge Janet Sanders rejected a proposed consent judgment that would have allowed Partners Healthcare—a 10-hospital and 6,000-physician system (and the largest health system and private employer in Massachusetts)—to acquire three of its direct-competitor hospitals just north and south of Boston, while adding hundreds of doctors to the Partners network. *Commonwealth v. Partners Healthcare Sys., Inc.*, No. SUCV2014-02033-BLS2, 2015 Mass. Super. LEXIS 4 (Mass. Super. Court, Suffolk County, Jan. 29, 2015). ...After receiving public comments and conducting hearings, on Jan. 29, 2015, Judge Sanders rejected the settlement... [S]he believed the deal was not in the public's interest, as it would "cement Partners'[s] already strong position in the healthcare market and give it the ability, because of this market muscle, to exact higher prices from insurers for the services its providers render," and hurt consumers due to higher premiums and deductibles in their insurance plans....

([Massachusetts State Court Deals Significant Blow to Partners Healthcare Hospital Mergers](#) February 17, 2015
<http://blogs.orrick.com/antitrust/2015/02/17/massachusetts-state-court-deals-significant-blow-to-partners-healthcare-hospital-mergers/>)

Consumers and payers would benefit from increased scrutiny over potential anti-competitive behavior arising from hospital mergers. As I noted above, there are a number of bills that attempt to increase quality of care for patients, transparency for the community and hold down costs for consumers. This bill fits in well with those efforts and should be a component of a comprehensive overhaul of hospital oversight.