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# SUPERSIZED MEDICINE

As hospitals merge into major systems, the benefits to patients are uncertain

BY EUGENE L. MEYER

**A**lenna Gonzales, 25, was 20 weeks pregnant with twins when she experienced internal bleeding. She entered the small hospital near her home in Queen Creek, Ariz., outside of Phoenix. But the hospital was not equipped to deal with her high-risk condition, so she was flown by helicopter some 30 miles to Banner Desert Medical Center in Mesa, where specialists were waiting with her full medical history in hand.

Gonzales was quickly wheeled into surgery, where her cervix, already 3 centimeters dilated, was stitched up, and she was put on bed rest at the hospital until she was deemed able to go home for the duration of her pregnancy. They kept “round-the-clock checks on me,” Gonzales says.

By being treated in a large multi-facility system, the expectant mother had easier access to more advanced care than she would have had a few years ago. She was able to move seamlessly from one hospital to another because both were part of the consolidated Banner Health system, which includes 23 hospitals in seven Western states, from Arizona to Alaska.

According to the American Hospital Association, more than half of U.S. hospitals now belong to multi-hospital systems, accounting for over 60 percent of all patient admissions. Many of these systems cross a number of states; others cover local regions.

The move toward consolidation began in the 1990s. Hospitals had started to receive smaller payouts from insurers, says John Hensing, executive vice president and chief medical officer of Banner Health, so they looked to consolidation to increase their negotiating leverage. More than 900 mergers and acquisitions would occur in the ensuing two decades. Those consolidations boosted hospitals' bottom lines, but prices continued to rise far more than inflation, notes Lee Sacks, chief medical officer and executive vice president of the Chicago area's Advocate Health Care. Two key factors contributed to this. First, there was a drive by competing systems to invest in expensive new technologies to bring in new patients. Second, healthcare providers participated in “fee-for-service” programs that rewarded

them financially for performing more tests and procedures. Studies have shown that this “more is better” approach did not result in improved patient care.

More recently, Hensing, Sacks, and others say, some mergers have led to improved medical outcomes for patients, and the 2010 Affordable Care Act may encourage better cost controls. At Advocate, the largest health system in Illinois with 12 Chicago-area hospitals and one downstate, coordinated care is being increasingly emphasized in partnership with BlueCross BlueShield of Illinois. “Our expectation is this will help us bend the cost curve,”

says Sacks. “The goal is to get increases in line with inflation.”

Despite some signs that patients may benefit from hospital mergers, significant concerns remain. Here are some of the changes—positive and negative—that consumers may experience over the next few years.

**Improved record-keeping.** In the case of Alenna Gonzales, Banner's use of system-wide electronic medical records, a \$200 million investment, paved the way for her 3 a.m., 45-minute surgery. There was no need for her to fill out new



GETTING CARE IN A NETWORK MEANT STEVEN RIVKIN'S INSURANCE WAS ACCEPTED.

forms. The doctors already knew what they had. “The advantage of the system is improved communication,” notes Curtis Cook, medical director of maternal and fetal medicine at Banner Desert. System-wide standardization of care—what he calls the checklist approach—also benefits patients. “It eliminates the number of human errors,” he says.

Starting this year, institutions that are “meaningful users” of electronic records can get higher Medicare and Medicaid payments, and beginning in 2015, those that aren't will get less. Many have a long way to go. Currently, fewer than half of U.S. hospitals are close to meeting the government's high standards, notes Protima Advani, director of strategic re-

