



# ESTES PARK INSTITUTE

September 23, 2011

The Honorable Wally Herger  
Chairman  
The Committee on Ways and Means  
Subcommittee on Health  
1102 Longworth House Office Building  
Washington, DC 20515

The Honorable Pete Stark  
Ranking Member  
The Committee on Ways and Means  
Subcommittee on Health  
1102 Longworth House Office Building  
Washington, DC 20515

Re: September 9, 2011 Hearing on Health Care Industry Consolidation

Dear Chairman Herger and Ranking Member Stark:

The Estes Park Institute, a nonprofit, 501(c)(3) organization, is the nation's leading educational forum for hospital executives, hospital trustees, and medical staff leaders. For over 45 years, the Estes Park Institute ("Estes Park") has improved the patient experience around the country through creating better trained and more innovative health care professionals. From the observations and vast experience of the Estes Park leadership, the viability of independent, community not-for-profit hospitals is paramount to achieving high-quality delivery of health care services while holding down costs to the overall health care system.

The Committee should work to foster the existence of independent community hospitals in the light of the historical high rates of consolidation among hospitals around the country. While the hearing on September 9<sup>th</sup> touched upon the current trends in physician, hospital, and insurance markets, we would suggest the Committee consider three points which provide additional context to the consideration by the Committee on any future policy-making in this area.

First, independent not-for-profit community hospitals form the essential base of many communities throughout America. Along with the local school system, thousands of towns across the country would not exist without the local hospital. Without both adequate schools and access to health care services, communities wither, jobs and businesses leave, and local community leaders cannot recruitment replacements. Good schools and health care are essential to persuade families to come and live in any community.

Further, independent community hospitals play an essential role in providing cost-effective health care to the community. Some out-of-community hospital systems employ a strategy to acquire community hospitals for the main purpose of recruiting patients away from accessing their care in the local community setting and to the higher-cost, tertiary-care hospital setting. As a result, care that could be effectively provided in the community hospital is often more expensive for patients and payors alike in a tertiary or teaching environment. While tertiary care serves a major and essential purpose, all care should be provided in an environment that is less costly and closer to home when it is equally effective to do so. Much of health care need not be concentrated in a single setting but can be available in less costly dispersed settings.

Certainly, patients generally wish to receive care in their own communities, close to home and family. The major reason that many community hospitals exist is for the health, welfare, and quality of life of the public. Large tertiary hospitals in urban settings should exist for these same purposes, not for a business purpose.

Lastly, at present, some community hospitals are affiliating with tertiary-centered health systems – not being acquired. These affiliations can be arranged so that legal control of the hospital remains in the community, and thus that, in the future, hospital care can remain in the community. In fact, achieving population health in a community is not possible without the presence of a vibrant community hospital. There are growing technological and organizational ways to do this – such as telemedicine.

Estes Park exists to assist community hospitals, health care organization boards, and physician leaders in responding to the current and future needs in our country's health care system. We believe that the community hospital must change. Community hospitals must do what they can do best – providing high-quality coordinated care at the local level. Changing how care is delivered is a potent measure for holding down costs. The Committee should encourage the continued independent existence of community hospitals in any way possible.

Sincerely,

A handwritten signature in black ink, appearing to read "John Horty". The signature is fluid and cursive, with a large initial "J" and a long, sweeping underline.

John Horty  
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