

FTC letter regarding RPMC and GRMC acquisition

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Federal Trade Commission
United States of America

I am opposed to the forced sale of Riverview Regional Medical Center (RPMC) recently acquired by CHS, as proposed by the FTC. They don't want CHS to own both RPMC and Gadsden Regional Medical Center (GRMC), in Gadsden, Alabama.

The FTC cites elimination of competition as the reason this sale should proceed. I can show that competition between the two hospitals is actually destructive. Furthermore, if both hospitals are owned by CHS, competition will remain a strong positive force for health care in Gadsden because of a multitude of hospitals in nearby surrounding communities.

I am one of two cardio-thoracic (CT) and vascular surgeons practicing in Gadsden. I have been in practice in Gadsden since 1990. I have worked at both hospitals all the time.

Gadsden Regional Medical Center, the hospital always owned by CHS, is much larger and busier than RPMC which has just been acquired by CHS. The economy of size favors GRMC. In some areas, especially cardio-thoracic surgery, RPMC struggles to stay competitive with GRMC. In fact, RPMC compromises necessary redundancy of equipment, personnel and rooms that are needed to insure uninterrupted service.

I understand competition. Competition worked beautifully for us physicians in the 1990's. We would coerce one hospital into getting an expensive piece of equipment, and then tell the other hospital to be competitive they needed to get the same. To be competitive, both hospitals needed to have the same nurse/patient ratio and the same skill-sets in hospital personnel. Both hospitals needed to have two dedicated operating rooms for cardio-thoracic surgery and modern equipment.

But times and economy have changed. The limits of the market size in our little town don't always permit every new expenditure. Now, instead of increasing market share in a limited market, expenditures simply rob the profits making it harder for the hospitals to fund basic patient care services, such as adequate nursing staff. For example, GRMC has a step-down unit for CT patients where the nurse/patient ratio is 1 to 4. RPMC can't afford that, so CT patients stay in the ICU longer where care is more expensive before transferring to a floor where the nurse/patient ration is 1 to 10..

Another example: in a desperate and totally misguided attempt to increase open heart cases, RPMC recruited a CT surgeon, making two CT surgeons on the staff where less than one hundred cases were being done annually. After about nine months of doing very few cases and hundreds of thousands of dollars lost to the hospital, the surgeon returned to his original hospital with better terms, and RPMC

breathed a sigh of relief. But guess what! When a new CEO arrived, he tried to do the very same thing for the sake of competition before he was escorted off premises for offending a powerful group of physicians (not I or my partner).

Another example: instead of encouraging more “bread and butter” cardiologists to join the staff, RRMC recruited a highly specialized electro-physiologist cardiologist and bought a million dollars’ worth of equipment so that she could do a handful of cases. GRMC does not offer this service, nor are patients referred from GRMC to RRMC to utilize this service, because of competition, yet it would be good if this service was offered in Gadsden, Alabama.

Another example: RRMC bought a million dollar robot about three years ago. It sat under-utilized. To compete, GRMC bought a robot as well this year. Because of GRMC’s higher census, it is more often used, but is probably still under-utilized.

These examples illustrate how Gadsden, Alabama and its surrounding population are not large enough to support two hospitals having the same expensive services needed by the community. If there was one hospital corporation, then the highly specialized equipment and physicians could be utilized where needed most, and all patients in Gadsden would be referred to those services.

For example, two CT surgeons cannot provide full-time emergency services. Three are needed to serve all of Gadsden community. With two competing hospitals, who don’t work together because of competition, the only solution ever offered was for one hospital to hire two and the other hospital have one CT surgeon. As cited above, this was tried and was an expensive failure. A much more economical solution would be for one hospital corporation to pay a stipend to the two CT surgeons to support a third surgeon, or employ all three. The three would be fully utilized by both hospitals, and emergency services would be covered. My partner and I tried to accomplish this, but we could not get the two competing hospitals to work together in this way.

One robot and one electro-physiologist in Gadsden would be much more efficiently utilized by one hospital corporation in town.

The government wants medical care to become more cost efficient, and yet they won’t promote the economy of size that would create increased cost effectiveness.

RRMC does a number of things very well that GRMC does not. Due to smaller size, scheduling surgery is actually easier at RRMC, and a number of surgeons prefer RRMC for that reason. Small size also makes RRMC much less bureaucracy heavy and therefore more efficient in some important ways, which physicians appreciate.

GRMC does not have enough rooms to handle all of the patients needing health care in Gadsden, and so it would hurt CHS profits to close RRMC.

One hospital corporation owning both hospitals won’t eliminate health care competition in Gadsden, Alabama. Gadsden hospitals have always been in competition with Birmingham, Alabama, hospitals, and more recently with hospitals in Anniston, Fort Payne, and Boaz. Competition occurs in areas of reputation, services offered, cost of care, and nurses’ salaries. Many nurses don’t work in Gadsden hospitals because salaries are much better in Birmingham and even Rome, Georgia.

Price competition is not possible these days, because Medicare pays a fixed amount, as does Blue Cross of Alabama. These two payers are the majority payers in Alabama. With accountable care organizations on the horizon, larger hospitals will be able to compete better due to the economy of size.

My partner and I have worked very hard over the years to try to compete with outlying hospitals and their reputations. We have succeeded to a large extent. However, as competition in Gadsden has become more destructive in ways outlined above, we are more often limited by these forces, and our practice has actually been hurt.

Please consider this information. My viewpoint with examples to back it up comes from people “on the ground” who know the history of Gadsden health care for the last 24 years. Please help Gadsden develop better health care. Competition can be destructive as well as constructive. I think I have shown how to eliminate the destructive forces while keeping the constructive forces in our community.

Sincerely,

George C. Robinson, MD