RLI Power Hour Webinar
Hospital Mergers & Consolidating Radiology

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<th>Insurer</th>
<th>UnitedHealthcare</th>
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Consolidation

- Horizontal hospital consolidation
- Horizontal physician consolidation
- Vertical consolidation
- Consolidation vs Medicare
The Number of Hospitals that Are Part of Hospital Systems Increased from 2005 to 2017

Number of Hospitals in Health Systems, 2005-2017

- Hospitals in a health system
- Hospitals not in a health system

In Health System | Not in Health System
---|---
2005: 2,500 | 3,500
2006: 2,700 | 3,300
2007: 2,900 | 3,100
2008: 3,100 | 2,900
2009: 3,300 | 2,700
2010: 3,500 | 2,500
2011: 3,700 | 2,300
2012: 3,900 | 2,100
2013: 4,100 | 1,900
2014: 4,300 | 1,700
2015: 4,500 | 1,500
2016: 4,700 | 1,300
2017: 4,900 | 1,100
Consolidation

Improve health, inspire hope and save lives™

- **31,000** Team Members
- **$8.3 Billion** Enterprise
- **$542 Million** Community Benefit
- **$30 Million** Philanthropy
- **2,300** Volunteers
- **4,700** Physicians and Advanced Practice Providers (employed and independent)
- **14** Hospitals
- **150** Ambulatory Sites
- **219,000** Virtual Video Visits

1 Million+ Members served by our Health Plan

7,000+ Employers Contracted by Priority Health

97% Michigan Primary Care Doctors in Network

$100 Million Venture Capital Fund

*Jan. 1 to Dec. 31, 2020

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MSU Health Care and Advanced Radiology Services form first joint venture

MSU Health Care and Advanced Radiology Services, P.C., have formed a joint venture to provide exclusive reading services for MRI's and other medical imaging to McLaren Greater Lansing, including the new McLaren Hospital.

The joint venture will form a new for-profit, limited-liability company named Spartan Radiology. MSU Health Care and ARS will each control 50% of the new company.

"The joint venture with ARS is another important step in MSU's journey to become a national model for quality, safety and innovation in health care," Interim President Satish Udpa said. "Joint ventures like this will help revolutionize how health care is delivered to the local community and beyond."
Anesthesiology (19.4%)
Multispecialty (19.4%)
Emergency medicine (12.1%)
Family practice (11.0%)
Dermatology (9.9%)

2015-16: Increased activity in cardiology, ophthalmology, radiology, & obstetrics/gynecology
2025 Projected View

With the continued emergence of new technologies and the evolution of health care delivery models, there are increasingly blurred lines between physicians' roles and responsibilities and those of other health care professionals.

Health care (including rural health care) is often delivered at a distance, using remote technology and teams of other health care professionals with physician oversight.

A small number of large health care organizations will oversee the health care of an increasing proportion of the US population.

Physicians are increasingly evaluated on their ability to provide efficient and cost-efficient health care.

Health care structure is increasingly based on the service line and the delivery model. Bundled, global, and capitated payments within the context of pay-for-performance are increasingly the most common forms of financing care.

Almost all physicians are employed by health systems and health care organizations. Few physicians remain in private practice and even fewer seek to establish new private practices due to operational complexity.

An increasing number of health care services are bundled and/or commoditized.
“The evolution of health care will increase in complexity and pace during the next decade due to driving forces such as democratization, commoditization, & corporatization.”

A small number of large health care organizations will oversee the health care of an increasing proportion of the US population.

An increasing number of health care services are bundled and/or commoditized.

Physicians are increasingly evaluated on their ability to provide efficient and cost-efficient health care.
• “If nothing else, PPMs will be remembered years from now for their sheer destructiveness.”
• “The reasons for the emergence of this industry haven't disappeared. Doctors need capital and business discipline.”

“You can't abdicate business decisions.”
Current trends

- Beyond radiology, physician practices across much of medicine have been consolidating for many years [1,2].
- Vertical integration, the purchase of physician practices by hospitals and hospital systems, has been occurring for well over a decade [3].
- Insurance company consolidation and growth via mergers and acquisitions have also been going on for many years [4].
- Such activity is not limited to the private sector, with academic centers also taking part in similar integration [5].
- Consolidation is part of a general evolution of the health care ecosystem. Physician practices, including radiology groups, are a part of that ecosystem.
“From mergers and acquisitions to joint ventures and other sorts of practice partnerships and fusions—not to mention hospital absorptions and investor gobble-ups—consolidation continues.”
“In very recent years, the US radiologist workforce has consolidated, leading to increased practice sizes and a substantial decline in the number of distinct practices, disproportionately affecting single-specialty radiology practices.”

“The impact of this consolidation on cost, quality, and patient access merits further attention.”
The Untamed Rise Of Hospital Monopolies

July 20, 2021 · 9:40 AM ET

Last month, Michigan’s two largest hospital systems, Spectrum Health and Beaumont Health, announced they wanted to become one. The $12.9 billion “megamerger” would create a health industrial complex spanning 22 hospitals, 305 outpatient facilities, and an insurance company. It would employ 64,000 people, making it the largest employer in Michigan. Local newspapers had expected the merger to “sail through” government approval. But now they’re not so sure.

That’s because President Biden recently signed an executive order saying his administration was serious about promoting competition, and he specifically singled out hospitals as an area where growing monopolization is a concern. The order, the White House says, “underscores that hospital mergers can be harmful to patients and encourages the Justice Department and Federal Trade Commission (FTC) to review and revise their merger guidelines to ensure patients are not harmed by such mergers.”
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