

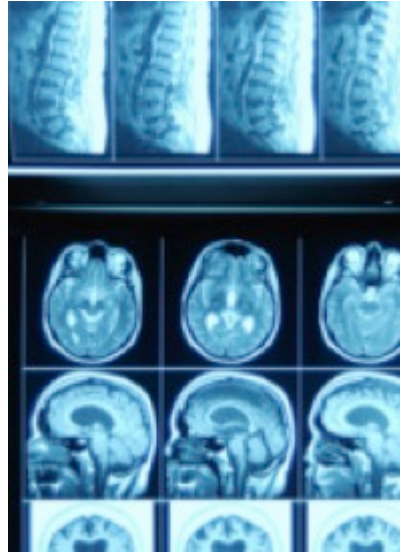


Written by [Michael Tennant](#) on November 22, 2010

## ObamaCare to Healthcare Providers: Merge Here

In a November 20 New York Times story, Robert Pear writes: “Consumer advocates fear that the health care law could worsen some of the very problems it was meant to solve — by reducing competition, driving up costs and creating incentives for doctors and hospitals to stint on care.”

How many times have we heard similar words in the months since ObamaCare became law? This writer alone has reported on such supposedly unintended consequences as the [destruction of small businesses](#), [the increase in health insurance rates](#), [the driving of small insurers from the market](#), [the elimination of children’s health insurance policies](#), and the [potential loss of health insurance for McDonald’s employees](#) (averted only by a [waiver](#) from the Obama administration).



The latest revelation is that the so-called accountable care organizations created by the healthcare law, which encourage healthcare providers to cooperate in an effort to reduce costs — an idea championed by Centers for Medicare and Medicaid Services administrator Dr. Donald Berwick, who once [declared](#), “The decision is not whether or not we will ration care; the decision is whether we will ration with our eyes open” — may result in the concentration of healthcare services in a few large entities, leaving patients with few options and little price competition.

In fact, this is already happening. Pear reports that “eight months into the new law there is a growing frenzy of mergers involving hospitals, clinics and doctor groups eager to share costs and savings, and cash in on the incentives” for controlling costs. He cites some notable examples:

Johns Hopkins Medicine, which operates a hospital in Baltimore and 25 clinics in Maryland, has just acquired Sibley Memorial Hospital in Washington, 16 months after acquiring Suburban Hospital in Bethesda, Md.

“This is being driven largely by health care reform, which demands an integrated regional network,” said Gary M. Stephenson, a Johns Hopkins spokesman.

In Kentucky, three of the largest hospital networks are negotiating a merger, prompted in part by the new law. In upstate New York, three regional health care systems are seeking federal permission to merge their operations, which include hospitals, clinics and nursing homes in Albany and surrounding counties.

Much of the healthcare provider cooperation encouraged by ObamaCare, however, could run afoul of federal antitrust laws, as well as laws designed to prevent Medicare fraud and abuse. Thus, Pear writes, “doctors and hospitals say the promise of these organizations cannot be fully realized unless they get



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broad waivers and exemptions from the government.” The American Medical Association is asking for antitrust law exemptions for doctors who participate in accountable care organizations. The Federation of American Hospitals wants a complete waiver of the Medicare fraud and abuse statutes for participating hospitals.

It may well be that these laws ought to be repealed — certainly a good case can be made for [repealing antitrust law](#) — but that is not what these organizations are requesting. As with those businesses and other institutions who lobbied the Obama administration to be exempted from other parts of ObamaCare, these organizations are requesting special treatment for their members. The end result of all this is inequality before the law: Those with high-powered lobbyists are freed from the strictures of certain parts of federal law, while the rest of us must suffer under all of it.

While large conglomerates that form as a result of the free market may be a boon to consumers — [Standard Oil](#), for example, reduced the price of kerosene from 60 cents per gallon to under 6 cents per gallon in the course of 30 years — those that arise as a result of legislative fiat are unlikely to be so beneficial because their purpose is not to meet consumers’ needs but to conform to politicians’ and bureaucrats’ flights of fancy.

Elizabeth B. Gilbertson, strategist for a union health plan for hotel and restaurant employees, explained one potential downside to the new healthcare conglomerates to Pear:

“In some markets,” Ms. Gilbertson said, “the dominant hospital is like the sun at the center of the solar system. It owns physician groups, surgery centers, labs and pharmacies. Accountable care organizations bring more planets into the system and strengthen the bonds between them, making the whole entity more powerful, with a commensurate ability to raise prices.”

She added, “That is a terrible threat.”

Indeed it is, but what else would one expect from government-managed healthcare?

Another concern is that Medicare beneficiaries, already suffering from government-managed healthcare, will be further penalized by the accountable care groups’ mandate to cut costs. Pear writes: “Judith A. Stein, director of the nonprofit Center for Medicare Advocacy, said she was concerned that some care organizations would try to hold down costs by ‘cherry-picking healthier patients and denying care when it’s needed.’”

Similarly, patients with disabilities or chronic conditions — “nearly one-fourth of Medicare beneficiaries have five or more chronic conditions,” says Pear, accounting “for two-thirds of the program’s spending” — stand a chance of being denied care on the basis of its cost. Higher costs mean fewer federal freebies for healthcare providers.

According to Pear, Jon Leibowitz, the chairman of the Federal Trade Commission, one of the agencies writing the accountable care organization regulations (and which, therefore, is being wooed by healthcare lobbyists as never before), said, “If accountable care organizations end up stifling rather than unleashing competition, we will have let one of the great opportunities for health care reform slip away.”

Well, Mr. Leibowitz, healthcare “reform” is not only stifling competition but visiting untold misery upon the American people — and this is only the beginning. The opportunity to reform healthcare still exists, but it lies not in creating just the right regulations and granting just the right waivers to fine-tune the system to Washington’s liking. It lies instead in repealing ObamaCare, Medicare, and the rest of the



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government healthcare monster. Talk to the Republicans in Congress next January; they just might be willing to help you with this one. And you, Mr. Leibowitz, could claim the cherished mantle of bipartisanship in the service of a worthy cause.



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