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Healthcare Accessibility and Hospital Closure Impacts
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Neumann University
1 Neumann Drive, Aston, Pennsylvania 19014

The Pennsylvania Health Access Network (PHAN) is a statewide organization providing assistance annually to thousands of Pennsylvanians in nearly all of Pennsylvania's 67 counties. We help people navigate problems they encounter enrolling in health coverage, getting care, or resolving issues from care they already received, including medical bills. Through our Helpline and our in-person connections with individuals in local communities, we hear hundreds of stories each year of how healthcare is not working for Pennsylvania families, small business, seniors, and hardworking individuals and young adults. To that end, PHAN also advocates for policies that improve the quality, affordability, and equity of healthcare for all Pennsylvanians.

When hospitals close, local communities struggle. Why are hospitals closing in our state?

Over the past several years, more communities have experienced a hospital closure. Whether a full hospital closure or partial hospital closure with key services eliminated, communities struggle with this impact. Patients not only lose access to hospital-based care, but they often also lose access to diagnostic imaging and tests, and to their trusted doctors, who have to move their practices to new locations. Healthcare jobs, often filled by our neighbors and friends, are lost and our local communities struggle with the economic impacts a closure has.

Closures mean that patients end up traveling longer distances to get care. This additional travel is often complicated by the fact that local providers may be in-network with their current health plan before the closure, but out of network post closure due to needing to get care across county - or even state - lines. Because of all these new challenges related to the closures, patients frequently wait or put off critical, sometimes life-saving care.

While there are many factors and unique situations that lead to a full or partial closure, there is a consistent unifying factor: hospitals that have a full or partial closure almost always have a preceding merger, acquisition, or change in ownership prior to that closure.

- More than 90% of closures are preceded by a merger, acquisition, or change in ownerships. Thirty of the 33 hospital closures we looked at in the past 20 years, and 14 of 15 closures in the past 5 years have been preceded by a merger, acquisition, or change in ownership.

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- The pace of hospital closures is increasing with nearly half of the closures in the past 20 years happening in just the last 5 years.
- The time between a merger, acquisition, or change in ownership and a closure has decreased by nearly half: from 7.6 years when you look at the past 2 decades, to just 4.1 years over the past 5 years.

A merger, acquisition, or change in ownership is one of the best predictors that a community will experience a full or partial closure. While private equity plays a role in many of these closures, nonprofits acquisitions also result in closures. Importantly, we are currently seeing that in the last 5 years of the 29 full or partial closures, 16 were Non-Profit and 13 were for-Profit. 97% of these closures were preceded by acquisition.

Over the last twenty years (since 2004), there have been 148 hospital mergers & acquisitions in communities across Pennsylvania. During that same period, 32 hospitals have closed completely, and another 25 have shut down key services like emergency care or maternity care. Our analysis shows that 1 in 3 hospital mergers and acquisitions lead to a full or partial hospital closure.

2024 was one of the busiest years yet for hospital acquisitions and closures with 7 hospitals closing major services, and 4 new hospital system buyouts that affected 28 total individual hospitals. In the first week of 2025, one hospital has already closed, with another at high risk of closure.

In Pennsylvania, there are only 13 remaining independent general acute care hospitals. Of those, 2 are currently slated for a buyout.

Many promises are made during these mergers, acquisitions, or changes in ownership and sadly communities often realize too late that those promises are broken as soon as the cameras are off and the attention fades.

- **UPMC Acquisition of Lock Haven & Sunbury Hospitals**
  - In 2017, President of UPMC Susquehanna Steven Johnson said, "We are excited to extend our tradition of high-quality, compassionate care to the Lock Haven and Sunbury communities. Bringing these hospitals into our family allows us to reinvest in both facilities to improve access, enhance care and grow existing services."
  - Just two years later, UPMC Susquehanna Sunbury permanently closed its doors, and in 2023, Lock Haven ended inpatient services.

- **Tower Health Acquisition of Brandywine & Jennersville Hospitals: What They Promised**
  - In 2017, President & CEO of Tower Health Clint Matthews said, "We are coming together to create an even more dynamic, expansive and nationally recognized health system... Our new name, Tower Health, reflects our collective strength, innovative spirit and bold commitment to taking healthcare to new heights."
  - Tower Health closed Brandywine Hospital in January 2022, one month after closing Jennersville Hospital. The local communities lost access to emergency and inpatient services, and the only inpatient behavioral health facility with psychiatric beds in the county.
- **Fayette Holdings, Inc. Acquisition of Berwick Hospital Center**
  - In 2020, Commonwealth Health Marketing and Communications VP Annmarie Poslock commented on the planned acquisition stating, "FHI is focused on enhancing and growing quality care and services to meet community needs and Berwick Hospital Center will continue providing quality local care to patients."
  - Berwick Hospital Center emergency room closed in September 2022, leaving Columbia County without a local hospital for the first time in a century. While the hospital maintains 14 inpatient geriatric psychiatric beds, all other operations at the facility have stopped.
- **Americore Health LLC Acquisition of Ellwood City Medical Center**
  - In 2017, Americore Health CEO Grant White said, "Americore brings to the table access to significant investment capital, a new business model, and a network of strategic nationwide partnerships that will rationalize costs, optimize the medical staff and real estate, and drive new high margin revenue streams for Ellwood City Hospital."
  - The hospital closed in 2019 following violations that resulted in the emergency room and inpatient services shutting down in November, followed by significant staff layoffs. The hospital's closure meant the loss of the biggest local employer (450 jobs), and a 30 minute commute for patients to the next nearest emergency room.
- **Commonwealth Health Acquisition of Kingston First Hospital**
  - In 2012, James McGuire, a spokesman at Wilkes-Barre General Hospital reflected on CHS's new merger over area hospitals stating, "Over the next several years, more than a quarter of a billion dollars will be invested in the facilities, services and medical technology of Commonwealth Health to support the delivery of quality patient care, with some of these investments already complete... The shared expertise among providers will be focused on creating centers of

excellence in medical specialities that include cardiology, orthopedics, obstetrics, surgical services and emergency medicine."

- ○ August 2022, the hospital began to notify the community about its pending closure for October, citing staffing issues. New admissions had stopped in June, leading to more staff turnover. The closure ended access to the only mental health facility in the area.

- **Prospect Medical Holdings Acquisition of Crozer Health (Delaware County Memorial Hospital, Springfield Hospital, Taylor Hospital, Crozer-Chester Medical Center, Community Hospital)**
  - ○ As part of a $300M deal to acquire the 5 hospital system, Prospect Medical Holdings acquired Crozer Keystone Health System in 2016 and pledged $200M towards capital improvements over the next five years, with a 10 year minimum commitment to keep the hospitals open.
  - ○ "Prospect will make significant capital investments in the Crozer-Keystone system, increasing the ability of Crozer-Keystone facilities to modernize, attract more patients and expand services. Prospect has also committed to maintain critical service lines and expand service offerings in the community to help ensure growth and sustainability," - Gary Hopkins, Prospect Holdings Official Statement
  - ○ Reports indicate the private equity firm Leonard Green & Partners was siphoning money out of the hospitals prior to closing, including a $1.2 billion loan, which was used to pay $457 million in dividends to owners.
  - ○ As the hospitals started closing, Patients lost access to care, including emergency care, staff lost their jobs, local restaurants and businesses lost customers, and communities lost their hospitals.
  - ○ As of March 14th, all five hospitals in the system will have closed, leaving the most populous areas of Delaware County without a hospital.

Our local communities and patients deserve better accountability and transparency whenever their community faces a merger, acquisition, or change in ownership.

Not all mergers, acquisitions, or changes in ownership are bad. We have seen examples in Pennsylvania particularly in the North Central part of the state - Potter, Tioga, and Lycoming Counties - where access to care has been preserved and even enhanced. We have, though, also seen a nearby closure in Lock Haven, Clinton County. While there is no clear, comprehensive data set to examine all of the consolidation-related activity, for the data we have been able to assemble through multiple state and federal data sets, university-based research, and new clippings, it appears that right now in Pennsylvania, roughly one in three mergers, acquisitions

or changes in ownership result in a full or partial closure. Communities deserve to know how hospital mergers, acquisitions, or changes of ownership might affect them.

What do hospital mergers, acquisitions, or changes in ownership mean for Pennsylvanians? Closures are a huge part of the problem, but it goes much further than that.

When a hospital closes we know the loss of care and doctors ranks top on consumers' minds but costs also become an issue. While solid historical cost data is not as readily available as we would like, we do have some data that presents a lot of questions:

In Delaware County, where Springfield and Delaware County Memorial have closed, and with the remaining Crozer hospitals closing, the few other hospitals in the area often charge more than 3 times what those hospitals were charging for basic services. For example, an MRI at Delaware County Memorial cost $364 while the same test at Lankenau Medical Center costs $2,030. Or a simple x-ray of a forearm that cost $90 at Crozer Chester is $209 at Mercy Fitzgerald or $315 at Lankenau.

Prices are not just an issue in closures. When we compare smaller health systems or independent hospitals to the larger more dominant players in their area we see that prices vary starkly.

At St. Clair Hospital, an independent hospital just outside of Pittsburgh, a CT scan might cost $402, but if you head through a tunnel and over a bridge to UPMC Mercy, you pay nearly 7 times that price and if you continue down the road to Shadyside, you'll pay nearly 9 times that price.

In the Lehigh Valley, an MRI at St. Luke's costs $650 whereas at LVHN it costs $2,010.

Good data suggests that this price variation and the ability to command higher and higher prices by acquiring local hospitals is one of the key drivers of consolidation. Larger hospitals want to get bigger and bigger.

Closures also impact patients' access to financial assistance often measured as part of community benefit. The Lown Institute conducted a study of hospitals' fair spending, comparing nonprofit hospitals' financial aid and community benefit spending to the estimated value of their tax exemptions. Pennsylvania hospitals rank the 2nd highest fair share deficit (totalling $2.1B) and reflect the limited community investments. Mercy Fitzgerald hospital ranks 9th out 107 in hospitals in Pennsylvania, but other area hospitals Riddle and Lankenau rank 74th and 75th, with the lowest grade for community investment. Penn Presbyterian and Hospital of the

University of Pennsylvania rank bottom of the list for the whole state, HUP notably one of the highest spending deficits in all of the US.

And while patients continue to struggle with medical debt, hospital CEO's at nonprofits and for-profits alike, are receiving generous compensation. The following are some examples in Southeastern Pennsylvania of CEO and executive compensation according to the most recent 990 tax filings.

- At Main Line Hospitals Inc which is a nonprofit, including 5 hospitals, CEO John Lynch III receives over $2 million per year.
- At Mercy Catholic Medical Center of Southeastern PA, a nonprofit with one hospital, the President & CEO James Woodward receives over $1.3 million per year.
- At Chester County Hospital a single hospital nonprofit, President & CEO Michael Duncan receives $1.4 million while Treasurer Keith Kasper also receives another $1.7 million.
- At the Trustees of the University of Pennsylvania another single hospital- nonprofit, the Executive Compensation totals over $53 million, including the salaries of CIO Peter Ammon at over $5.6 million, CEO, UPHS Kevin Mahoney at $2.9 million, and Exec VP UPHS & Dean of PSOM Larry Jameson at $5.1 million per year.
- Finally, at Crozer Keystone Health System a 2 hospitals for-profit, formerly PE system, the Former CEO Peter Adamo made $939,800 per year.

The promise has always been that greater efficiency will improve quality and lower costs. In reality, the lack of competition has resulted in few if any gains in patient quality while often leaving communities with higher prices for care.

Pennsylvanians want solutions that protect patients from anti-competitive practices and the rise of medical monopolies.

According to a 2023 statewide survey with a representative sample of Pennsylvania conducted by Altarum's Healthcare Value Hub, **58% of Pennsylvanians** said they are **worried about the impacts of hospital mergers** on their communities.

One in 8 of Pennsylvanians reported that they or a family member were unable to access their preferred health care because of a merger. Of those, **half (52%) skipped follow-up visits**, and **nearly half (45%) delayed or avoided a doctor's visit**. Of those who reported a merger caused some other kind of burden for themselves or their families, **1 in 3** reported **added wait times** in finding or getting care while **1 in 4** reported **added financial burdens**.

Pennsylvanians want solutions that protect patients from anti-competitive practices and the rise of medical monopolies.

The same 2023 Altarum survey showed that across party lines, 9 in 10 Pennsylvanians want the state government to take action.

- 89% say the government should stop hospitals from engaging in anti-competitive practices (87% Republicans, 93% Democrats, 87% Independents)
- 86% say the government should strengthen policies to drive more competition in health care markets to improve choices and access (87% Republicans, 88% Democrats, 83% Independents)
- 84% say the government should empower the Attorney General to stop the sale or purchase of hospitals or doctor practices, or monitor those sales for harmful effects such as reduced access or increased prices (80% Republicans, 89% Democrats, 82% Independents)
- 82% say the government should set limits on healthcare spending growth and penalize payers or providers that fail to curb excessive spending growth (80% Republicans, 85% Democrats, 80% Independents)

Not only are your constituents harmed by a lack of action, but they support you in taking action to improve our healthcare markets, restore competition, and check uncurbed, high and rapidly rising prices.

Thank you for your time and consideration in this matter.

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