



Serious dialogue is taking place at the state and federal level regarding reducing costs and improving outcomes in our healthcare system. Unfortunately, a recent report from Ball State University's Center for Business and Economic Research uses misleading information to make outrageous conclusions about Indiana's hospitals. As the president of the Indiana Hospital Association, I feel it is imperative to dispel these myths, as the report does a disservice to the thousands of caregivers who work every day to serve patients.

Indiana's not-for-profit hospitals are absolutely committed to improving public health and investing in their communities. The annual benefit they provide approaches \$2.5 billion for the most recently available data. This community benefit is ignored in the Ball State report and includes providing financial assistance, training medical professionals, conducting life-saving research, and much more. The report also fails to acknowledge hospitals' significant, positive economic impact.

Neither our association nor our members were contacted for this report which is unfortunate, as it would have been easy to correct the author on some of the blatant inaccuracies. For example, the report incorporates the reserves from an entire national health system operating in 21 states, instead of using figures from those hospitals based only in Indiana, which dramatically inflates the numbers.

A serious study of hospitals' margins would rely on audited financial statements, which have long been publicly available on the State Department of Health's website. For example, Parkview's Wabash Hospital is reflected as having a large operating margin in the study, but a closer review of the audited financial statements shows this is inaccurate. The data for this rural hospital was incorrect because the report relied on a "Form 990" and not publicly available audited financial statements, which are used by rating agencies. Excluding the non-operating accounting adjustment, this hospital lost money. Simply by reviewing the publicly available documents, much of this misinformation could have been avoided.

It is tempting to rely on market concentration to determine competitiveness as the author suggests, but this simple analysis does not consider nearly enough factors. According to a recent paper from the White House titled, *"Reforming America's Healthcare System Through Choice and Competition"*, "economists and anti-trust experts recognize that such analysis can be misleading" adding that concentration can be caused by underlying local market forces that may or may not be related to market competitiveness. It should also be noted that the Ball State report fails to address the impact on consumers from the highly consolidated insurance industry, a dynamic that cannot be overlooked.

Strangely, one of the author's suggestions to increase hospital market competition in Indiana is to end regulatory restrictions on entry such as Certificate of Need (CON); however, our state repealed CON about twenty years ago. Almost every city of significant size in Indiana has, at a minimum, two competing hospitals or health systems. According to data recently compiled by the Health Care Cost Institute, the Indianapolis MSA ranked 97th out of 112



metro areas using the most accepted method of market concentration (with 112 being the least concentrated).

Indiana's hospitals are themselves large employers and are committed to reducing the cost of health care while maintaining the quality and access Hoosiers expect. Fixing our nation's healthcare challenges is a complex undertaking and requires collaboration, not skewed analysis.