

Mike Kelly: Too many hospitals spoils the bottom line

Thursday, April 2, 2009



By MIKE KELLY
RECORD COLUMNIST

For just a moment, think what good could come of \$2 million.

You could, for example, buy a year's worth of health insurance for almost 200 North Jersey families. You could educate 150 students in local public schools. You could hire 40 cops at \$50,000 each.

Now consider how The Valley Hospital in Ridgewood would spend \$2 million.

Valley wants to buy the state license to the defunct Pascack Valley Hospital in Westwood but never use it. By owning Pascack's license, Valley could block a competitor hospital from opening.

This is no April Fool's joke. It is, sadly, the latest battle in a war between North Jersey hospitals.

At issue is not improving care for sick people. Yes, hospital administrators will surely whip out their rhetorical violins and insist they are deeply worried about curing illnesses, repairing broken bones and giving life to damaged hearts. Indeed, most hospitals in the area offer top-flight care.

But another devil lurks in the shadows of this debate — a persistent worry by local hospitals about losing money.

Which brings us to Valley's \$2 million bid for Pascack's old license.

Ever since Pascack Valley Hospital went bankrupt and closed its doors in December 2007, a funny thing happened at the remaining hospitals in Bergen County. They all turned healthy profits.

If you are trying to balance the books at your hospital, it makes sense to keep Pascack closed. Pascack is viewed as competition for the business of sick people. Indeed, a state report suggested that Bergen County had too many hospitals before Pascack closed.

But Hackensack University Medical Center bought Pascack's campus and proposed to open a 128-bed hospital there. To other hospitals — particularly Ridgewood's Valley Hospital and Englewood Hospital — the move by Hackensack was viewed as the equivalent of a new Shell gas station moving into a town that had been ruled comfortably by a Lukoil and a Sunoco.

In other words, Hackensack threatened Valley's and Englewood's profits.

In a free market, this would be just fine. But hospitals are not gas stations. Yet, on the other hand, shouldn't Hackensack be allowed to expand its services? And, if you listen to the pleadings of many officials in the 18 towns once served by Pascack Valley Hospital, shouldn't Pascack be able to reopen if someone puts up the money?

Valley did just that — in a back-handed way. As part of Pascack's still-undecided bankruptcy proceedings, The Valley Hospital bid \$2 million for the old Pascack license. Valley made no secret of its intentions: It plans to sit on the license and never use it. All in an attempt to keep many of Pascack's old patients going to Valley.

In the cold calculation of hospital economics, Valley's plan makes sense. If Hackensack is viewed as a competitor, why not find a way to beat it?

But isn't this a pathetic strategy? The notion of hospitals fighting over customers who happen to be sick is not a matter of cold economics. This is about ruptured morals.

But this is also the state of American health care now, a grinding battle over money and marketing while doctors and hospitals struggle to make ends meet and ordinary people struggle under the crushing cost of medical insurance.

Given that state of medical affairs in America, we should not be surprised that this is where we have come: a bid to buy a hospital license merely to kill it.

But where are we going?

Read Mike Kelly's blog at northjersey.com/freshjersey.

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