June 7, 2012

Agreement reached with Geisinger over acquisition of Bloomsburg Hospital

HARRISBURG ? The Attorney General?s Antitrust Section today reached an agreement with Geisinger Heath System Foundation over antitrust concerns that the acquisition of Bloomsburg Hospital may substantially lessen or eliminate competition in the region.

Attorney General Linda Kelly said that a Final Order was filed, which seeks to preserve health-care competition in the region while ensuring good faith negotiations with health plans and maintaining high quality and affordable health services to the community.

Geisinger is a non-profit parent of four hospitals, including its flagship Geisinger Medical Center in Danville, Montour County, which is located only 10 miles from Bloomsburg Hospital. It also owns the Geisinger Clinic, a multi-specialty physician group practice with more than 900 primary care and specialty physicians and the Geisinger Heath Plan.

Kelly noted that Geisinger is one of the largest providers of inpatient acute-care hospital services in northeastern Pennsylvania.

A review of the merger raised concerns that Geisinger would be able to raise prices for hospital and physician services to Columbia County residents and their health plans. In order to address those concerns, Geisinger has agreed to an eight-year Final Order, which will require it to continue to operate Bloomsburg Hospital as an acute care hospital.

Kelly noted that the Final Order requires Geisinger to continue to operate Bloomsburg as an acute care hospital six years longer than the Board of Directors of Bloomsburg Hospital and Geisinger had agreed. The agreement also requires that all physicians with privileges at Bloomsburg Hospital will keep their privileges. The original merger agreement with the Bloomsburg Board only protected certain physicians.

Kelly said that Geisinger also agrees to negotiate and contract with health plans for Bloomsburg Hospital separately from Geisinger Medical Center. Bloomsburg Hospital historically had lower rates than Geisinger Medical Center. By contracting separately, Bloomsburg?s rates will be comparable to other community hospitals, not a large tertiary hospital like Geisinger.

?This agreement preserves Bloomsburg as a local hospital serving Columbia County and it constrains the ability of the Geisinger Health System Foundation to raise prices on health plans,? Kelly said.
Kelly noted that price increases to health plans are borne by employers and, ultimately, by their employees.

The Commonwealth’s case was handled by Chief Deputy Attorney General James Donahue III, Senior Deputy Attorney General Tracy W. Wertz and Deputy Attorney General Jennifer A. Thomson of the Attorney General’s Antitrust Section.

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