



Summary:

Hospital mergers have changed the healthcare landscape in New Hampshire over the past 20 years and another major merger is pending review. There are important ways community members can provide input.

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Did you know?

Hospital mergers (also referred to as hospital acquisition transactions or health system consolidations) have changed our healthcare landscape over the past 20 years. While there are many reasons that hospitals and health care systems seek new relationships, the research shows that consolidation has [consistently produced higher healthcare prices](#) for families and often results in cuts to services and shifts in provider availability. As a result, many states are passing legislation that increases scrutiny [of healthcare mergers](#).

On June 28, 2024, the Charitable Trust Unit of the New Hampshire Department of Justice received a [Joint Notice](#) of a proposed healthcare acquisition between Catholic Medical Center and its affiliates, a non-profit hospital system in Manchester, New Hampshire with a faith-based mission, and [HCA Healthcare, Inc.](#), a for profit, [publicly traded](#) healthcare system corporation headquartered in Nashville, Tennessee (“HCA”) with a global reach. This is the most recent of many proposed healthcare transactions in NH. New Hampshire communities will be asked for input in the upcoming months, and there are important ways community members can inform the discussion.

Here is the latest

Here are a few things to know about hospital transactions in New Hampshire:

What is a health care acquisition transaction and why is the NH Department of Justice involved in review? When a non-profit charitable hospital changes control or ‘sells’ its assets, the New Hampshire Charitable Trust Unit (CTU), and ultimately the court, must review and approve the transaction because the charitable hospital is the community’s asset. A key question is whether the transaction meets the “*communities' need for access to quality and*

affordable physical and mental health care services” ([RSA 7:19-b](#)). The NH Department of Justice and the court can approve or deny the transaction.

What is the most recent hospital acquisition in New Hampshire? Most hospitals in New Hampshire have consolidated in some way over the last 10 years, with a few exceptions in rural areas. Most recently, the proposed transaction between NH’s largest health system, Dartmouth Hitchcock Health, and Claremont’s rural critical access hospital, Valley Regional Hospital, was approved by the [NH Department of Justice with negotiated conditions](#). The conditions are intended to protect New Hampshire patients and consumers from ‘harm’ and include requirements to invest in infrastructure and services such as mental health, substance use treatment, primary care, and labor & delivery, to provide transparent reporting regarding cost of services and availability of charity care, prohibiting anti-competitive payor contract provisions and mandating certain non-discriminatory practices.

What are a few important details to know about HCA?

HCA is the [largest health system](#) in the United States by number of hospitals and by net patient revenue (\$49.2 billion Net Patient Services Revenue in [2023](#)). HCA operates in 19 states and performs approximately 5% of all hospital services performed in the US. (A hospital system is a conglomeration of hospitals and professional providers all under common ownership or affiliation.)

HCA already owns three hospitals in New Hampshire, including Portsmouth Regional Hospital (1983), Parkland Medical Center in Derry, NH (1983), and Frisbie Memorial Hospital in Rochester, NH (2020). Purchasing Catholic Medical Center would provide HCA a dominant foothold in New Hampshire, where there are a total of 26 acute care hospitals.

HCA is a for-profit health system which makes this transaction different. While many hospitals and health systems in NH and across the country are *non-profit, charitable* corporations, some hospitals, like those operated by HCA, are *for-profit* organizations and the acquirer’s *for-profit* status changes the nature of the transaction in three major ways:

- *HCA is proposing to ‘buy’ CMC by paying an actual purchase price* for the health system’s assets pursuant to the terms of an [Asset Purchase Agreement](#). The purchase price would be paid into a community foundation set up for that purpose. In contrast, when one *non-profit* hospital proposes to ‘acquire’ another, the acquisition typically involves a “change of control.” In other words, *non-profit* Hospital A takes control of *non-profit* Hospital B’s budget, operations and governance without buying the assets. In both types of hospital transactions, the NH Department of Justice, Consumer Protection/Antitrust Division and Charitable Trust Units have authority to review.

- *HCA is owned by shareholders as a publicly traded corporation.*
- *If the HCA transaction is approved, CMC will no longer be a non-profit charitable hospital and will no longer be subject to charitable trust requirements or the [federal](#) and [state rules](#) governing charity care and community benefits.* Non-profit charitable hospitals are required to develop community benefit and health improvement plans to maintain non-profit tax-exempt status. *For-profit* hospitals are not. ([Community benefits](#) are activities, initiatives and investments that non-profit hospitals undertake to improve the health of the communities they serve.) In addition, CMC has a mission “to carry out Christ’s healing ministry” and honor certain Catholic religious directives, the Ethical and Religious Directives for Catholic Health Care Services (ERDs,) providing moral guidance for Catholic health care delivery.

What was the most recent New Hampshire hospital HCA purchased?

In 2020, HCA purchased Frisbie Memorial Hospital in Rochester, NH. HCA agreed to a base purchase price of [\\$67 million](#) (see Asset Purchase Agreement, 2.5), with the proceeds paid to a community foundation created in 2021, called the Greater Rochester Community Health Foundation (GRCHF). Despite the base purchase price, GRCHF was initially [capitalized with \\$14 million](#), although this amount has since been reduced. The Rochester community was troubled when HCA decided to terminate labor and delivery services less than 2 years after promising publicly to maintain them for 5 years. A [post-affiliation agreement](#) was reached on March 7, 2023, regarding the labor and delivery closure with the NH Department of Justice, in which HCA agreed to contribute \$750,000 in new funds to GRCHF to support community needs.

What does this mean for New Hampshire?

The Director of Charitable Trust will schedule a public hearing on the HCA-CMC transaction as part of its review. Information regarding the location, date, and time of the public hearing will be posted [here](#) when available. Community members are encouraged to ask questions and provide input. One important general question to ask will be, “How will these consolidations impact rising healthcare costs and access to essential services for New Hampshire families?”

The New Hampshire hospital delivery system continues to change in response to market pressures, workforce challenges, community care needs, and innovations in modern healthcare delivery. While there is no great super power making sure New Hampshire’s complicated healthcare eco-system works for New Hampshire, the public can and should weigh in on pending transactions. In addition, the [Health Care Consumer Advisory Commission](#) has been established to monitor the impact of mergers and acquisitions on affordable health care. If patients, providers or employers have issues with health insurance, the NH Department of

Insurance has an active hotline (NHID Consumer Services staff: (603) 271-2261, in state toll free (800) 852-3416 or email consumerservices@ins.nh.gov).

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