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Study Shows Hospital M&A Deals Linked to Improved Quality of Care

A research study published September 20, 2021 in JAMA Network Open found that mergers and acquisitions of rural hospitals are associated with better mortality outcomes for certain conditions as compared to rural hospitals that remained independent. This study is important evidence of the value that mergers between rural hospitals and acquisitions of rural hospitals by larger systems can bring to patients in those communities.

The study compared 172 rural hospitals that underwent a merger or acquisition against 266 rural hospitals that remained independent. After controlling for certain factors relating to the characteristics of the patients, hospitals, and communities, the researchers found a “significantly greater” reduction in inpatient mortality for several conditions—including acute myocardial infarction, heart failure, stroke and pneumonia—among patients admitted to the merged and acquired hospitals as compared to the independent hospitals. Improvements in mortality rates for acute myocardial infarction were the greatest in the first four years after the transaction, which the authors suggested could be a result of a transfer of technology and expertise from the larger system. Improvements in mortality rates for heart failure, stroke, and pneumonia typically occurred three to five years after the transaction, which the authors indicated was consistent with research regarding complexities in adopting quality improvement approaches.

Hospital M&A deals have faced sharp criticism from payors, regulators and others who allege that provider consolidation results in higher prices and lower quality of care. However, a merger or acquisition is oftentimes the only available lifeline for an independent rural hospital that provides critical services for its community. As this study demonstrates and as our clients have seen, M&A deals for rural hospitals have long-term benefits for patients beyond simply keeping a hospital’s doors open. Many rural hospitals have seen improvements in quality of care through increased access to clinical resources and the ability to participate in value-based care models that require large networks of providers.



The study, *Quality of Care Before and After Mergers and Acquisitions of Rural Hospitals*, by H. Joanna Jiang, PhD, Kathryn R. Fingar, PhD, MPH, Lan Liang, PhD, et al., is available on the JAMA Network Open website at <https://jamanetwork.com/journals/jamanetworkopen/fullarticle/2784342>.

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