Hospital deals raise questions

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HALF OF Massachusetts hospitals have closed in the past half-century. Our state has fewer beds per 1,000 people than the national average. Now, Cerberus venture capitalists want to buy Caritas, which controls almost a 10th of the surviving hospitals, mostly vital and lower-cost community hospitals.

Meanwhile, Caritas is buying a money-losing hospital in Rhode Island and negotiates with money-losing Massachusetts hospitals.

Combining many small money-losing hospitals into one big money-losing chain doesn't save money. Still, Caritas promises savings by waving the magic wand of "economies of scale" ("Caritas looks to buy R.I. hospital," Aug. 28, Page B5).

Partners talked this way years ago. But that merger made money through higher prices, not lower costs. If Caritas combines with other hospitals, will it use its new power to demand higher prices and threaten to close if payers don't agree? Will it grow too big to be allowed to fail?

Massachusetts deserves proof that Cerberus knows what it's doing, and can deliver on its commitments to preserve all Caritas hospitals while keeping their costs and prices low.

That's why the Globe was right when it editorialized that Cerberus must disclose its detailed business plan ("Caritas deal sounds good, but more assurances are needed," Aug. 22).

There's no free lunch. Cerberus investors seek high profits, which will probably mean higher insurance premiums and co-pays for all of us, or skimping on care at already struggling community hospitals.

Our state doesn't need venture capitalists and higher prices to stabilize each needed hospital. This year, we'll pay hospitals about $22 billion. That's $3,400 per citizen, 55 percent above the national average. We spend enough. We can't afford more. So we have to spend better.

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