

JMIR Formative Research | Competition & Integration of Health Systems Post COVID-19

On August 9, 2022 |

Tagged characteristic, competition, COVID-19, cross-sectional, decision, health system, horizontal integration, integration, perception, post-COVID-19, survey, United States, vertical integration
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JMIR Publications published a study titled "Competition and Integration of US Health Systems in the Post-COVID-19 New Normal: Cross-sectional Survey" in JMIR Formative Research, which reported that the smaller the geographical region in which mergers and acquisitions (M&A) activity is pursued, the higher the likelihood that monopolistic tendencies will result.

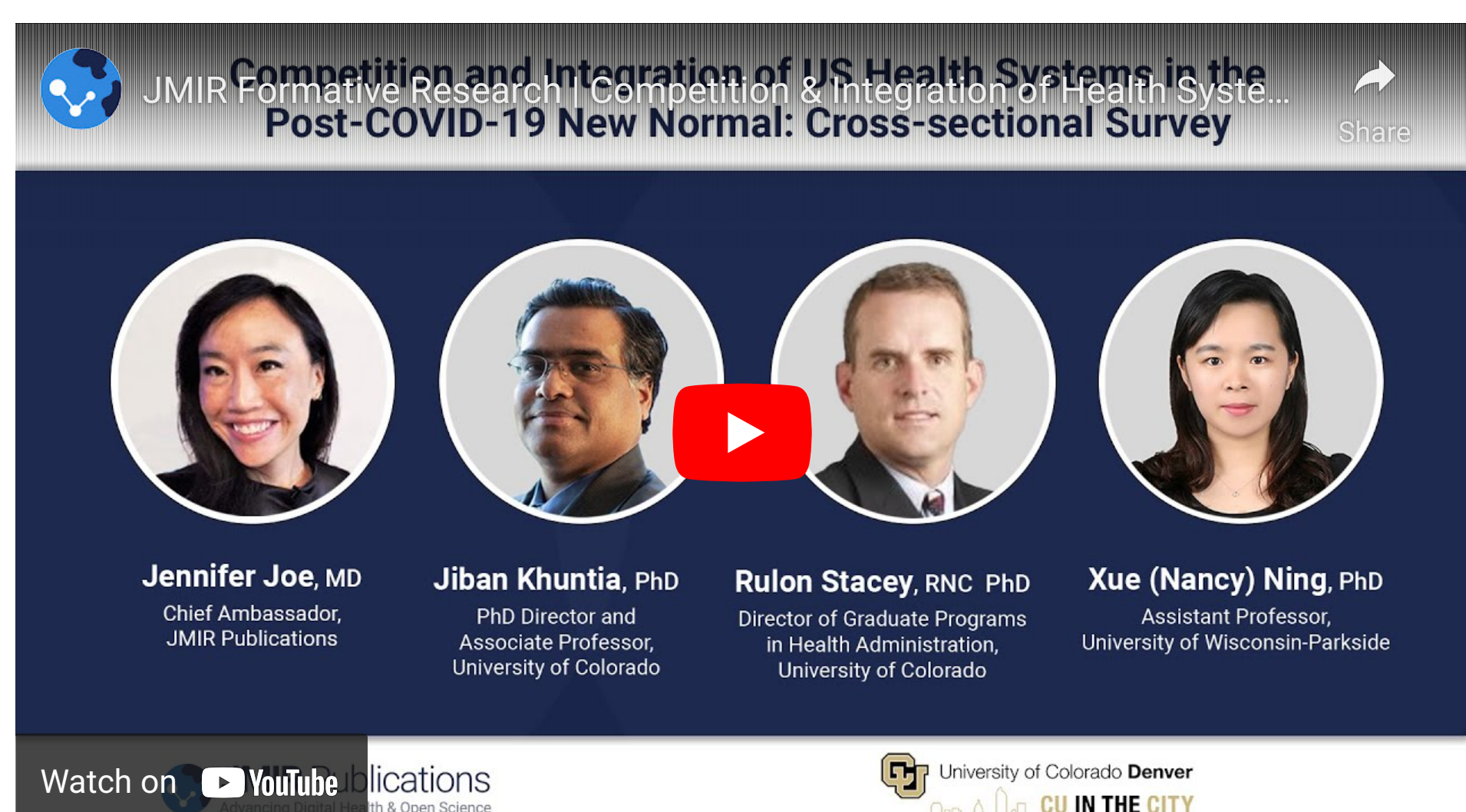
The authors focused on three types of competition perceptions:

1. External environment uncertainty-related competition,
2. Technology disruption-driven competition, and
3. Customer service-driven competition

They also studied two integration plans:

1. Vertical integration, and
2. Horizontal integration

Dr. Jiban Khuntia, PhD, from the University of Colorado Denver said, "The COVID-19 pandemic in 2020 transformed several aspects of the health care industry."



In general, some of the financial and operational challenges have led to integrations among health systems to survive in the post-pandemic "new normal," with several health systems planning M&A activity involving billions of dollars.

For instance, recent announcements of UnitedHealth's US \$13 billion acquisition of Change Healthcare, Centene's US \$2.2 billion purchase of Magellan Health, Anthem's deal for MMM Holdings in Puerto Rico, and Cigna's acquisition of the urgent care telehealth provider MDLIVE have exemplified both horizontal and vertical integration progressions in the US healthcare industry in 2021.

In this study specifically, the authors first objective sought to examine how health system characteristics lead to competition perceptions among health systems, as reported by CEOs in 2021. The second objective of this study was to examine how these competition perceptions influence vertical and horizontal integrations of US health systems in the post-COVID-19 new normal.



They ultimately found that systems have a high level of the four types of competition perception, with the greatest concerns being technology disruption-driven competition rather than environment uncertainty-related competition and customer service-driven competition.

Dr. Khuntia and the research team concluded in their JMIR Publications Research Output that this study unravels competition-integration dynamics and relates external environment uncertainty, technological competition, and customer services-driven competition to vertical and horizontal integration plans.

Almost all health systems have some plans for integrations; however, the study found that environmental uncertainty drives integration more than other competitive factors. In addition, health systems with heavy competition dynamics will opt for mergers to alleviate survival challenges.

Although interventions in the US health care sector are achieved through laws and regulations, proactively managing competition is an essential aspect of shaping policy interventions, and this requires broader discussion and action.

This study is one part of HARC's efforts to identify the current trends for health systems. Every year, the research team at HARC surveys hundreds of CEOs of health systems across the United States to learn health systems' response to the COVID-19 pandemic, to investigate challenges, opportunities, strategies, and concerns faced by health systems, and to gain insights and implications for the healthcare industry.

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