



June 5, 2024

Grace Lee  
Competition Policy and Advocacy Section, Antitrust Division  
U.S. Department of Justice  
950 Pennsylvania Ave., N.W., Suite 3337  
Washington, DC 20530

**RE: Request for Information on Consolidation in Health Care Markets - Attention: Docket No. ATR 102**

Dear Ms. Lee,

The American Academy of PAs (AAPA), on behalf of the more than 168,300 PAs (physician assistants/associates) throughout the United States, is pleased to provide comments on the Consolidation in Health Care Markets Request for Information (RFI). PAs and the patients and communities they serve are impacted daily by these market consolidations, and that concern will only increase if these health care mergers, acquisitions and consolidations continue.

AAPA believes that competition in healthcare provider and payer markets promotes higher quality, lower costs, greater access to care, increased innovation, and higher wages for healthcare workers. While the Academy recognizes benefits that could potentially occur due to consolidation, such as the possibility of lower costs, increased efficiencies and improved care coordination, a substantial amount of research and objective data do not demonstrate that these benefits typically accrue to patients during either horizontal or vertical consolidations. In fact, many studies conclude that health care market consolidation actually leads to higher health care costs.<sup>1</sup> For that reason, AAPA supports the Departments of Justice (DOJ) and Health and Human Services (HHS), and the Federal Trade Commission's (FTC) interest in addressing potential and existing negative impacts of consolidation in healthcare markets. It is within this context that we draw your attention to our comments.

**Maintaining a Flexible Health Care Workforce**

The PA profession is growing at a rapid rate which will help meet the increasing workforce needs of our nation's healthcare system. In 2020, there were estimated to be 150,000 PAs in clinical practice. By 2035 that

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<sup>1</sup> <https://www.kff.org/health-costs/issue-brief/what-we-know-about-provider-consolidation/>

number is anticipated to grow to nearly 215,000.<sup>2</sup> PAs work to ensure the best possible care and outcomes for patients in every medical and surgical specialty and health care setting. PAs, when leading and working with members of the healthcare team, have demonstrated their ability to improve access to quality care while providing high levels of patient satisfaction, similar to care provided by physicians.<sup>3</sup> However, the optimal utilization of PAs may be stymied by continued consolidation. PAs are unique within healthcare in that they can change the specialty in which they practice helping to meet the diverse and often changing needs of patients when and where those needs arise. The manner in which PAs were utilized during the COVID-19 Public Health Emergency, for example, shifting from practicing in surgical specialties to meet the increased demand for critical care and emergency medicine to treat COVID-positive patients, demonstrate the value of that flexibility.

In addition, this flexibility and adaptability, which is one of the tenets of the PA profession, helps reduce the likelihood of professional burnout as PA are able to move into new practice specialties, practice settings and employment opportunities.

Consolidations often limit or eliminate this flexibility, especially in scenarios where a larger acquiring entity does not utilize PAs in a manner that is as expansive and innovative as the entity that is being acquired. AAPA is concerned that when multiple entities consolidate, the more restrictive, less innovative policy of PA utilization could prevail, which ultimately has a negative impact on workforce efficiencies and patient access to care.

### **Impact on Smaller Practices**

Business practices utilized by large health care conglomerates that exclude small practices from being included in their care networks, perhaps because those smaller practices operate on a comparatively thin economic margin, can damage the ability of those practices to remain economically viable in their respective communities. Large health care delivery organizations may promote less competitive patient referral practices that harm the ability of smaller practices, that are not affiliated with the large system, to access and treat patients that are part of the larger health delivery organization. Centralized decision-making by larger health organizations, which may adopt a “one size fits all” approach to care delivery, can fail to understand and meet the unique care delivery needs of patients and small practices located in underserved communities.

### **Protecting Patient Choice**

Consolidation in healthcare marketplaces leads to reduced provider choice for patients. Evidence suggests that consolidated and concentrated markets produce higher prices for health care purchasers without any

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<sup>2</sup> Hooker, R. et al, Forecasting the Physician Assistant/Associate Workforce: 2020-2035, 9 Future Healthcare Journal 1, pp. 57-63, March 2022.

<sup>3</sup> Medicare Payment Advisory Committee. 2019. Report to the Congress: Medicare and the health care delivery system. Retrieved from <https://www.medpac.gov>

measured impact on quality.<sup>4</sup> Limiting patient choice in care options may also negatively impact the ability of patients to access care or receive care in a timely manner.<sup>5</sup> Patient care may also be negatively impacted if a lack of competition reduces care standards, or, due to a lack of alternatives, increases the cost of care.<sup>6</sup> These negative impacts are likely to be felt more acutely in already underserved communities.<sup>7</sup>

### **Consolidation of Payers**

In addition to the negative impact that health care market consolidation can have on patients and providers, another type of consolidation within healthcare that potentially has similar negative implications is payer consolidation.

When health insurance payers consolidate, they gain the ability to leverage their dominant market positions by offering lower reimbursement to providers and facilities, and increasing administrative requirements such as pre- and post-payment audits and reviews. When this type of financial “squeeze” is implemented, providers are placed in the difficult position of trying to maintain the delivery of high quality care with limited financial resources. Payer consolidation causes providers to be at a disadvantage when negotiating contracts and payment rates due to the lack of competition in the marketplace.

Finally, a lack of competition among health insurance payers limits patient choices in coverage.<sup>8</sup> Insurers are less likely to be consumer-centric and typically offer fewer coverage options and plan designs to consumers when there are fewer competitors.

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<sup>4</sup>Gaynor, M., and R. Town, The Impact of Hospital Consolidation – Update, Robert Wood Johnson Foundation Synthesis Report

<sup>5</sup> Haeffele, P., ASC Transactions & Valuation Issues: The Pros and Cons of Consolidation, Becker’s ASC Review, May 10, 2023. Available at: <https://www.beckersasc.com/asc-transactions-and-valuation-issues/the-pros-and-cons-of-consolidation.html>.

<sup>6</sup> Schwartz, K. et al, Issue Brief: What We Know About Provider Consolidation, Kaiser Family Foundation, Sep. 2, 2020. See under *There is no clear evidence that consolidation improves quality of care*, “[...] some studies suggest that market consolidation—particularly for horizontal consolidation—can actually lead to lower quality care.” Available at: <https://www.kff.org/health-costs/issue-brief/what-we-know-about-provider-consolidation/>.

<sup>7</sup> Levins, H., Hospital Consolidation Continues to Boost Costs, Narrow Access, and Impact Care Quality: A Penn LDI Seminar Unpacks the Challenging Contradictions of this Continuing Trend, University of Pennsylvania Leonard Davis Institute of Health Economics, Jan. 19, 2023. See under *Health Equity Impact*, “Residents of urban neighborhoods of color and rural areas have suffered a lot as independent hospitals have closed or joined big health systems.” – Lois Uttley, MPP. Available at: <https://ldi.upenn.edu/our-work/research-updates/hospital-consolidation-continues-to-boost-costs-narrow-access-and-impact-care-quality/>.

<sup>8</sup> Murphy, K., Healthcare Consolidation Impacting Market Competition, Consumer Choice, TechTarget: HealthcareExec Intelligence Virtual Care News, Sept. 30, 2021. Available at: <https://healthcareexecintelligence.healthitanalytics.com/news/healthcare-consolidation-impacting-market-competition-consumer-choice>.

**As evidenced by our comments, AAPA believes consolidation in healthcare markets has the potential to be a serious concern to providers, patients, and even payers. AAPA commends DOJ, HHS, and the FTC for its interest in mitigating some of the negative effects of continued consolidation within healthcare markets.**

Thank you for the opportunity to provide comments regarding the impact of consolidation on healthcare markets. AAPA welcomes further discussion regarding this critical issue. For any questions you may have please do not hesitate to contact me at [michael@aapa.org](mailto:michael@aapa.org).

Sincerely,

A handwritten signature in black ink that reads "Michael L. Powe". The signature is written in a cursive style with a large, prominent 'M' and 'P'.

Michael L. Powe, Vice President  
Reimbursement and Professional Advocacy