



SEIU HCII

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Greg Kelley
President

August 24, 2022

Erica Bland-Durosini
Executive Vice-President

Comments on the Proposed Merger Between Advocate Aurora Health and Atrium Health

Maggie Laslo
Secretary-Treasurer

SEIU Healthcare, a union of 90,000+ healthcare and human service workers, opposes the proposed merger between Advocate Aurora Health and North Carolina-based Atrium Health for the following reasons:

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1. The Proposed Merger Will Likely Reduce the Quality and Increase the Cost of Healthcare in Chicagoland

Advocate Aurora Health is already the largest health system in both Chicagoland and Illinois and has been on a merger and acquisition spree for the past two decades. The proposed merger with Atrium Health would create one of the largest health systems in the country with 67 hospitals and more than \$27 billion in combined revenues.

According to the industry journal STAT, health system mergers “often increase prices and they don’t improve care quality; patients simply pay more for the same or worse care”.ⁱ We worry that the proposed mega-merger between Advocate Aurora and Atrium will have this effect.

Regulators and stakeholders share these concerns and have successfully intervened to stop Advocate Aurora from merging with other health systems in 2017 and 2020.

Board Chair:

Maria del Carmen Macias

In 2017, the Federal Trade Commission won an injunction to block Advocate Aurora’s proposed merger with Lake County-based NorthShore Health System. Tad Lipsky, then acting director of the FTC’s Bureau of Competition, cheered the ruling, stating that “Advocate and NorthShore’s merger would likely have reduced the quality, and increased the cost of health care for residents of the North Shore area of Chicago”.ⁱⁱ

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In 2020, Advocate scuttled a proposed merger with Michigan-based Beaumont Health after doctors and staff led a successful opposition campaign that won the support of state and federal elected officials. Advocate and Beaumont officially called off the merger after a group of lawmakers including US Representative Andy Levin released a joint statement expressing concern that a merger of the two systems might jeopardize their constituents access to

Missouri

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affordable, quality care and urging Beaumont leadership to “promptly reevaluate the proposed merger”.ⁱⁱⁱ

Advocate’s “successful” 2018 merger with Wisconsin-based Aurora Health Care has born out regulator and stakeholder concerns about mega-mergers and access to affordable care. Advocate Aurora Health is currently facing a class-action antitrust lawsuit alleging that the combined system has used its market power in eastern Wisconsin to suppress competition and increase prices. Plaintiff’s attorney Jamie Crooks described Advocate Aurora’s behavior as “more like that of a ruthless Wall Street institution that happens to own Wisconsin hospitals instead of a non-profit charity focused on the delivery of healthcare”.^{iv}

We are concerned that the proposed Advocate Aurora-Atrium merger will likewise have a negative outcome for Illinois patients and communities.

2. Out of State Ownership Poses a Risk to Illinois Facilities and the Communities they Serve

SEIU Healthcare is also concerned that Advocate Aurora Health’s proposed merger with Atrium will lead to divestment in the Chicago market, particularly in medically underserved communities. Unlike past merger efforts, Advocate Aurora is the junior partner in the proposed merger. The combined system will be headquartered in North Carolina and Atrium CEO Gene Woods will become the sole leader of the new entity.

We know from experience that out-of-state owners often place profit above community needs as was the case when Trinity Health, a Michigan-based health system with billions of dollars in assets, attempted to close Mercy Hospital, a century-old safety net facility, because it was insufficiently profitable. Our union, community groups, and other stakeholders mobilized and ultimately (with the help of the Board) persuaded Trinity to sell to a new ownership group committed to keeping Mercy open.

Given our experience with Trinity, we are extremely wary of out-of-state leadership taking over Illinois’s largest health system and the potential impact on access to and quality of care. Advocate Aurora’s Trinity Hospital, Christ Medical Center, and South Suburban Hospital provide critical health services to Chicago’s South Side and South Suburban communities, many of which lack other care options. The closure of one or more of these facilities would have a devastating impact on access to care for some of Chicagoland’s most vulnerable communities and could lead to worsening patient outcomes and racial and economic health disparities.

At minimum, these communities deserve assurances from Advocate Aurora Health and Atrium Health that there will be no closures of or service reductions at these critical facilities for this merger to move forward.

3. Advocate Aurora Health’s Recent Service Reductions Suggest Possible Further Service Reductions/Facility Closures Under New Leadership

Finally, our union is concerned about recent service reductions at Advocate Aurora facilities and fears that they may portend additional services cuts and facility closures should they proceed to merge with Atrium.

During the past five years, Advocate Aurora has eliminated more than 80 beds at Chicagoland facilities. The health system shuttered its pediatric units at both Illinois Masonic Medical Center and South Suburban Hospital and just earlier this year received permission to permanently close its Obstetrics unit at South Suburban, depriving South Side and South Suburban communities of one of the few birthing centers in that geography.

As mentioned above, we worry that out-of-state leadership may not recognize the intrinsic value of these facilities and their critical importance to the communities they serve. Advocate Aurora significant investment losses (more than \$600 million) during the first half of the current fiscal year compounds these worries.^v If new ownership favors profit over charitable mission and seeks to recoup these losses, we fear that they will continue or even accelerate Advocate Aurora's trend of closing unprofitable but desperately needed service lines serving some of Chicagoland's most vulnerable populations.

SEIU Healthcare asserts that the proposed Advocate Aurora Health-Atrium Health merger risks access to affordable healthcare across Chicagoland and in medically underserved communities. We contend that the proposed merger must not move forward without additional scrutiny of the deal; further explanation of the merged system's plans for the former Advocate facilities; and assurances that the merger will not result in a reduction of services or closure of South Side and/or South Suburban facilities. Therefore, we ask the Board to defer a decision on the merger until such time as these conditions are met.

Sincerely,

Anne Igoe, Health Systems Division Director, SEIU Healthcare Illinois

ⁱ Pearson, Elsa, "Hospital mergers and acquisitions are a bad deal for patients. Why aren't they being stopped?", *STAT*, September 2, 2021, <https://www.statnews.com/2021/09/02/hospital-mergers-more-oversight-federal-state-officials/>.

ⁱⁱ Minemyer, Paige, "NorthShore, Advocate abandon merger after judge's ruling", *Fierce Healthcare*, March 8, 2017, <https://www.fiercehealthcare.com/healthcare/northshore-advocate-abandon-merger-after-judge-s-ruling>.

ⁱⁱⁱ Paavola, Alia, "Michigan lawmakers urge Beaumont, Advocate Aurora not to merge", *Becker's Hospital Review*, September 29, 2020, <https://www.beckershospitalreview.com/hospital-transactions-and-valuation/michigan-lawmakers-urge-beaumont-advocate-aurora-not-to-merge.html>.

^{iv} Muoio, Dave, "Advocate Aurora hit with class action alleging anticompetitive behavior in eastern Wisconsin", *Fierce Healthcare*, May 24, 2022, <https://www.fiercehealthcare.com/providers/advocate-aurora-hit-class-action-alleging-anticompetitive-behavior-eastern-wisconsin>.

^v Ellison, Ayla, "Advocate Aurora reports \$600.8 million loss in first half of year", *Becker's Hospital Review*, August 22, 2022, <https://www.beckershospitalreview.com/finance/advocate-aurora-reports-600-8m-loss-in-first-half-of-year.html>.