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Second hospital is good news for Janesville

Despite concerns, a second hospital should be good for Janesville.

Dean Health System and SSM Health Care of Wisconsin, parent company of Madison's St. Mary's Hospital, will build a \$140 million hospital and physician complex at Highway 11 and Interstate 90.

Thursday's announcement comes when good economic news has been sparse in Janesville. It comes as General Motors chips away at good-paying jobs at its Janesville plant and production slows in the face of soaring gas prices and inflated inventories of sport utility vehicles. Yet it shows that Dean and SSM are optimistic about this region's future.

The project will provide construction work. Dean says the complex will create 350 health care jobs.

But the key question is: Will the competition reduce costs or will the project drive up costs through service duplication?



Ryan

To no one's surprise, Mercy Health System went on the offensive Thursday in arguing the latter. Chief Executive Javon Bea called the move "reckless" and argued that it will take jobs away from Mercy. He said Dean's hospital will pull

about 30 patients out of Mercy Hospital and leave more of its beds vacant.

Still, it can be argued that, without local hospital competition, Mercy has built an empire that has spread even into Illinois. It has been helped by a strong local patient base that includes thousands of GM workers, retirees and their families, who enjoy generous health care benefits.

Still, about one-third of this area's residents use hospitals other than Mercy. Some have criticized Mercy's emergency room service. Some obviously would prefer a second local choice. Dean and St. Mary's will provide that.

At a minimum, we suspect that two hospitals will improve quality. Mercy will have to step up its service to compete.

The best-case scenario is that quality and prices will improve. Congressman Paul Ryan, a Janesville native who has been at the forefront of health care reform through his House Ways and Means Committee service, thinks it can happen, but only if prices are transparent.

To that end, he plans to introduce a "major" bill to create a national system so consumers can compare health care quality and pricing "apples to apples."

"The system is broken because it rewards endless price increases," Ryan said Thursday. "The health care system is built ... for price increases because it lacks true competition based on quality and prices."

But even transparency won't help in a community with a health care monopoly. That's why he believes a second hospital in a community this size is good.

"With a new hospital, we won't have a monopoly in Janesville," he said. "The winners ... are those who live in Janesville and consumer health care."

"I have high regard for Mercy, and I also have a high regard for choice in health care," said Ryan, noting he was born at Mercy and that the hospital still serves his young family.

But, he added: "This is going to bring Madison-quality health care to Janesville."

Health care is complicated. It doesn't always follow the free-market course that drives other businesses. Some concerns about service duplication are warranted.

On balance, though, greater choice and greater competition will be good for Janesville.