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Geisinger CEO: Geisinger interested in partnership with a Scranton hospital but only if it's a two-

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Geisinger Health System would only be interested in a partnership with a Scranton hospital if it was a two-hospital market, said President and Chief Executive Officer Dr. Glenn Steele.

“We think that’s a two-hospital market, not a three-hospital market. We’re not interested in putting our balance sheet in a battle of attrition of three hospitals beating up on each other,” Dr. Steele said during an editorial board meeting at The Citizens’ Voice, a Times-Shamrock newspaper, on Tuesday.

Dr. Steele’s remarks were in response to Mercy Health Partners’ announcement that it was in talks with several organizations interested in buying Mercy Hospital in Scranton, Mercy Special Care Hospital in Nanticoke, Mercy Tyler Hospital in Tunkhannock and several outpatient facilities. A potential merger between Geisinger and Community Medical Center in Scranton was called off earlier this year. Moses Taylor Hospital also is located in Scranton.

“If it were a two-hospital market, we would love to be involved with one of the two, and that doesn’t necessarily mean acquisition,” Dr. Steele said, before speaking at a luncheon at the Westmoreland Club in Wilkes-Barre. “We’ve talked to a lot of hospitals in a lot of areas. We’ve talked several times with potential partners in Scranton.”

Dr. Steele’s statement echoes those made previously by Joshua Nemzoff, a consultant who has managed hundreds of hospital mergers and acquisitions, after an announcement earlier this month that Mercy Health Partners was seeking a buyer for hospitals in Scranton, Tunkhannock and Nanticoke.

“There’s not enough market share to support three hospitals in Scranton,” Mr. Nemzoff said Tuesday, adding that most established, successful for-profit health care companies would not take a risk in buying one hospital and then competing with two others.

Nor do Dr. Steele’s comments surprise Moses Taylor President and Chief Executive Officer Karen Murphy, R.N., Ph.D.

“She’s been on record saying the current health care delivery system is not sustainable,” hospital spokeswoman Sandra Osieski said.

Kevin Cook, Mercy Health Partners CEO, echoed those sentiments.

“Everyone understands that the solution down the road is consolidation,” he said. “I don’t know what will happen. ... People understand consolidation is in the best interest of the community.” He declined to comment on potential buyers or on the shape of any potential sale.

Community Medical Center’s President and CEO Bob Steigmeyer said the hospital is “committed to advancing the quality and value of healthcare provided in Northeast Pennsylvania and to the extent there are partners who could assist us with that goal, we welcome those conversations.”

Dr. Steele also talked about Geisinger’s growth, its cost-cutting measures that gained the health system national notoriety, what health care reform will mean in 2014 and other changes in the future, such as a continued switch from inpatient to outpatient care and shorter hospital stays.

Since Geisinger received national recognition for cutting unnecessary expenses and lowering costs, that has aided in recruiting physicians, Dr. Steele said. Last year, 135 doctors were recruited throughout the system and about 35 in Northeast Pennsylvania, he said. This year, another 24 doctors were recruited in Northeast Pennsylvania.

When President Barack Obama’s health care reform plan begins in 2014, Dr. Steele predicts there will be a huge uptick in the number of people covered by Medicaid, and “we’re probably not going to be paid as much.” The change, which will expand coverage to include 32 million additional Americans, will mean 14-17 million of those people will be covered by Medicaid, the U.S. health program for eligible people with low incomes. Amid the huge demand, Dr. Steele believes it will become more difficult for everyone to access health care.

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