

My colleagues and I have enjoyed the opportunity to assist the Authority in its review of the proposed merger. We have found the project challenging, intellectually stimulating and extremely relevant to many issues being faced by the US health system today.

When Dr. Cantrell approached me about joining the project I was delighted to accept. I had for many years been privileged to work with the doctors and families of Southwestern Virginia when I cared for patients from this region in the PICU and NICU at UVA. I was also the first medical director of Pegasus the UVA helicopter system which transferred many patients from this region to UVA. In fact, my very first visit to Abingdon was on the Pegasus BK-117 when we made an early public relations visit to the region. (Despite my long affiliation with UVA the comments I make are my own and do not in any way reflect the positions of UVA or its management.)

Over the past decade I have become very involved in global health policy issues. As a result, I have had the good fortune to live, work, and study in many countries of the world. There are significant differences among health systems internationally, but at the same time these countries face many common challenges: the aging of populations, escalating technology costs, shortages of health personnel etc. And as they seek solutions to these common problems they work to develop positions on which factors are beneficial to their systems. One issue debated almost universally is the role of competition in health care. Very few countries or health policy leaders question the importance of competition in the operations of their systems. However, at the same time every country works to find the right balance between market forces and regulatory oversight. From my experience in international health care I am aware of many examples where reducing market competition in favor of effective government monitoring and supervision has yielded better results than the unfettered market place. Even though the US is the most free-market oriented system in the world we constantly regulate and reduce competition in many ways. Even though I graduated from medical school and achieved board certification in three specialties, I cannot practice in Virginia or any other state without a valid medical license. Hospitals cannot open their doors to accept patients without accommodating strict accreditation regulations. Our FDA is one of the toughest regulators of pharmaceuticals in the world. The point is that it is not un-American to regulate health care or reduce competition when there are overriding strategic interests to support that regulation or reduction of competition. Yesterday we heard a careful and thoughtful presentation yesterday from the staff of the FTC. No one doubts their primary assumption that free market competition is the preferred approach in the US environment. They, however, appeared to downplay the possibility that at times the strategic interests of the country or one of its regions can override the general predisposition toward competition.

I believe that merger that you are considering is potentially an example of a situation where the region's best interests may be better served by a lessening of head to head competition. I see the merger as a creative and substantive initiative that has great potential to improve the health status of the region. It should be explored for its own merit as well as a great example of regional and local needs influencing national health policy. Rural health care has challenges throughout the country and this is a worthwhile experiment to see if it can be improved by such an accommodation. If approved and successfully implemented, this merger will provide significant investments in the public health infrastructure that could be meaningful elements in

the effort to improve the health and even economic status of the region., But for the merger, these investments will likely not be made.

I am a pediatrician. I have strong feelings about services for kids. One of the goals of the merger is to improve pediatric care in this region. Pediatric care while not expensive in itself is not well compensated and therefore is not a money maker in the market oriented world. I believe it is more likely that the goal of better pediatric care will be achieved from investments available from the merger than otherwise might be possible.

Are there risks? Of course. But the status quo is not an option. The national health system is changing too drastically and too rapidly for anyone to protect everything that has existed in the past. However, the merger presents an opportunity to deal with some of the most pressing needs of the region, e.g., substance abuse, meaningful prevention and wellness programs as well as pediatric subspecialty care. All of these are issues which an unfettered competitive environment would be less likely to address.

If I were a resident of this region, I would enthusiastically support this proposal seeing it as a chance to develop an innovative response to rural health challenges of the region. It may at the same time, position the region as a leader in trying new approaches in similar environments elsewhere.

Thank you.