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## **Healthcare Roundup: No HLTH-WebMD Merger, Higher Medicaid Spending, Mental-Health Parity, and More**

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By [David P. Hamilton](#)

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**HLTH, WebMD call off merger** — HLTH, a holding company that currently owns 84 percent of the publicly traded **WebMD**, pulled the plug on a proposed merger with that subsidiary. The companies cited financial-market uncertainty and difficulty finding a buyer for a second HLTH unit, **Porex**, which makes plastic products for healthcare. [**Source:** [Bloomberg](#)]

**Medicaid spending to soar** — The federal **Centers for Medicare and Medicaid Services** reported on Oct. 17 that federal and state spending on **Medicaid** will rise 7.9 percent annually to \$674 billion by 2017. That's faster growth than both the economy and even overall healthcare spending, thanks largely to the cost of long-term care for the elderly. In related news, Rhode Island is proposing to take its federal Medicaid subsidy in a lump sum as part of an effort to rein in costs, while a shrinking healthcare budget in Massachusetts threatens two "safety net" hospitals that rely heavily on Medicaid funding. [**Sources:** [AP via SF Chronicle](#), [AP via Washington Times](#), [Boston Globe](#)]

**Mental-health parity means big changes for group health plans** — Due to a quirk of politics, the \$700 billion financial-bailout law passed earlier this month also prevents most employer-based health-insurance plans that offer mental-health benefits from limiting them any more than regular medical or surgical benefits. Mental-health treatments currently often require higher patient payments or impose limits on the number of visits covered. The new requirement goes into effect in Jan. 2010. [**Source:** [American Medical News](#)]

**Louisiana hospital settled Medicaid-fraud charges** — **West Jefferson Medical Center** will pay the federal government and the state of Louisiana \$3.3 million to settle charges that it overcharged **Medicaid**. The alleged overpayments took place from 1998 to 2003; the hospital admitted no wrongdoing. [**Source:** [FierceHealthcare](#)]

**New York, Pennsylvania hospitals consider merger** — **Bradford Regional Medical Center** in Pennsylvania and **Olean General Hospital** in New York have signed a nonbinding letter to "integrate" the two hospitals under a common holding company. The integration was recommended by New York's Commission on Health Care Facilities for the 21st Century, which has

pushed to close hospitals across the state in order to reduce excess capacity. [**Source:** [Modern Healthcare](#)]

**WSJ: IT revolution about to hit healthcare** — **University of Arizona** professor **Amar Gupta** writes in the WSJ that networking and electronic records, which haven't made much headway in the U.S. healthcare system, are about to kick off a "global revolution" in the hidebound industry. Among the changes he expects: Outsourcing and offshoring of diagnostics and specialist consultations, electronic medical records that can be taken and accessed by patients and doctors anywhere, better global monitoring of drug safety and more sharing of medical information across national borders. Sounds great, but Gupta doesn't really address the obstacles that have hindered many of these developments so far. [**Source:** [WSJ](#)]

A 14-year veteran of the Wall Street Journal, **David P. Hamilton** is BNET's Industries editor. Prior to coming to BNET, David founded the LifeScience section of VentureBeat, a news site for the innovation and venture business.

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