

Press release: Competition concerns found in adult mental health care merger

Universal Health Services, Inc. – through its subsidiary Cygnet Health Care Limited (Cygnet) – acquired Cambian Adult Services (CAS) in December 2016. Both companies operate hospitals that provide inpatient rehabilitation services to patients suffering from long-term mental illness.

Rehabilitation services provide patients suffering from a variety of mental illnesses with ongoing support as they recover. Ultimately they aim to help patients re-gain their independence and re-integrate into the community.

After the Competition and Markets Authority's (CMA) initial investigation into the merger, it was referred for a more in-depth, phase 2, investigation in May 2017.

In the [summary of provisional findings](#) published today, 2 local areas in England have been identified where the 2 companies' hospitals are close competitors, such that the merger would be expected to result in a substantial lessening of competition (SLC).

The inquiry group conducting the phase 2 investigation found that clinical commissioning groups (CCGs), as the main customers of these types of hospitals, would face a reduction in choice, quality or value as a result of the merger when seeking to refer male patients in the East Midlands and female patients in the West Midlands suffering from long-term mental illness.

As well as the provisional findings, a notice of possible remedies has been published which outlines ways the companies could address these competition concerns, including the sale of hospitals in the local areas where an SLC has been provisionally found.

Simon Polito, Chair of the inquiry group, said:

Mental health hospitals are a vital part of our healthcare system, caring for some of the most vulnerable in our society. The needs of patients are complex and varied and NHS trusts and CCGs need access to a range of facilities and treatment options to help ensure they can deliver the best outcomes for each individual patient.

Factors such as how close the hospital is to a patient's home and family, the quality of the hospital and its track record, all play into making the right referral decision for a given patient.

NHS budgets are under ever-increasing strain. Having a variety of hospitals to choose from when referring patients in the local area is key to ensure quality, service and the best value possible.

We have provisionally concluded that the merger may mean there is not enough choice for NHS customers to help them get the best outcomes for patients suffering from long-term mental health issues in the East and West Midlands. We now await the companies' views on our provisional findings and what action they will take to address our concerns.

Notes for editors

1. Cygnet Health Care Limited operates 20 mental health hospitals in the UK.
2. CAS operates 61 mental health hospitals in the UK.
3. The CMA is the UK's primary competition and consumer authority. It is an independent non-ministerial government department with responsibility for carrying out investigations into mergers, markets and the regulated industries and enforcing competition and consumer law.
4. The summary of provisional findings can be found on the [case page](#). The CMA is required to publish its final decision by 17 October 2017.
5. On 22 February 2017 the CMA started its initial investigation and on 3 May 2017 the CMA referred it for a phase 2 investigation.
6. All the CMA's functions in phase 2 merger inquiries are performed by independent inquiry groups chosen from the CMA's panel members, and supported by CMA staff. The appointed inquiry group are the decision-makers on phase 2 inquiries.
7. The members of the inquiry group are: [Simon Polito](#) (Inquiry Chair), [Thomas Hoehn](#), [Jill May](#) and [Andrew Popham](#).
8. The CMA's panel members come from a variety of backgrounds, including economics, law, accountancy and/or business; the membership of an inquiry group usually reflects a mix of expertise and experience.
9. For more information on the CMA see our [homepage](#) or follow us on Twitter [@CMAgovuk](#), [Facebook](#), [Flickr](#) and [LinkedIn](#). Sign up to our [email alerts](#) to receive updates on merger cases.
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