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KOP's Universal Health Services Leading Growth of For-Profit Hospitals

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The growing presence of [Universal Health Services](#) in King of Prussia has taken the entire for-profit hospital industry with it, and the management firm is taking a unique path toward future success in the midst of a challenging — and rapidly changing — healthcare environment.

As one of the five largest for-profit players, Universal has helped the industry steadily capture a fifth of the market for community acute-care hospitals, and nearly as much of the nation's inpatient bed capacity, according to a [Modern Healthcare report](#) by Harris Meyer.

In the later decades of last century, it did that through major mergers. For-profits now enjoy significant bargaining power.

“If you don't have substantial market share, the insurance companies don't need you,” CEO Alan B. Miller said in the article. He is now the seventh-highest-paid healthcare CEO among S&P 500 companies, earning \$20.43 million in 2015, and his company operates 244 facilities across 37 states.

But the strategic vision of today is targeting profitable niche markets, like mental health.

Universal bought Psychiatric Solutions in 2013 to double its psychiatric hospital count, and Miller sees an even bigger need for behavioral health and substance-abuse treatment on the horizon.

“You won't see any of these (companies) try to build new footprints in new markets,” Jefferies & Co. Senior Healthcare Equity Analyst Brian Tanquilut said. “They realize they need to be deeper rather than wider.”

[Click here](#) to read more about Universal's ascent to the top of the industry in Modern Healthcare.