While Wishard was struggling to decide what to do, a construction boom occurred and competition increased among area hospitals. Hospitals around Indianapolis were spending lavishly, investing more than $700 million in new or updated facilities, most with interior decor and lobbies fit for luxury hotels. These elaborate new facilities made Wishard appear even worse off.

This new focus on consumerism and profligate spending in the hospital business gave rise to what Daniel Evans, president of Clarian Health, called "mindless competition." For example, the $60 million Heart Center of Indiana in Carmel, which opened in December 2002, offered cooked-to-order meals. City-focused Clarian, the largest healthcare system in the area, expanded its market to the suburbs by building a $150 million hospital in Hendricks County and a $235 million hospital in Carmel. The Hendricks County Medical Center was situated in a parklike setting that included a half-mile of walking trails in a serene environment intended to reduce the stress of a visit or stay in the hospital. To keep patients and attract new ones, both St. Vincent and Community Hospital took on physician groups as equity partners in their heart hospital projects, while Clarian sought to partner with physicians at its two for-profit suburban hospitals. St. Vincent opened a $24 million children's hospital in 2003, becoming the first facility to compete head to head with Clarian's Riley Hospital for Children, previously the only children's hospital in central Indiana. St. Vincent also opened a $15 million cancer center, complete with a serenity garden and an indoor waterfall, while Clarian planned to counter with an even larger cancer center near IU Hospital.

Area hospitals' struggle to compete was compounded by the market entry of national for-profit providers. For example, almost all local hospitals offering cancer care lost business to an aggressive for-profit operator, U.S. Oncology, which opened four cancer treatment centers in the Indianapolis area in the previous six years under the name Central Indiana Cancer Centers. These freestanding centers were projected to treat more than 43,000 patients in 2003. The cancer centers could handle patients at a lower cost because they lacked large hospitals' overhead stemming from their big maintenance staffs, parking garages, and building needs.

The hospitals also faced competition from OrthoIndy, a large orthopedics practice that was building a $30 million orthopedic hospital, and the 60-room Heart Center of Indiana, which featured a highly trained staff, one of the first all-computerized patient record systems, and furnishings befitting a *Fortune* 500 firm. Other hospital sites also demonstrated opulence. Clarian's futuristic $40 million People Mover was designed to ferry doctors and staff over city streets to its scattered hospitals, and the lobby of Clarian's two-year-old, $30 million cardiovascular center featured a terrazzo stone floor.

Amid all of this change, most hospitals were receiving lower reimbursements from insurers than they had previously, and the growing demand for charity

care decreased the profitability of three of Indianapolis's four largest hospital networks. The following table shows these three networks' revenue, earnings, and full-time equivalents in 2002 and the percentage change in revenue and earnings from 2001. The figures for St. Vincent, the fourth network, are from the first eight months of the 2002–2003 fiscal year and include its hospital in Carmel.

Hospital Network	Revenue	Earnings	Full-Time Equivalent Employees
Clarian Health Partners	$1.66 billion (up 15%)	$51 million (down 27%)	9,344, reduced by 100 in 2002
Community Health Network	$755 million (up 12.5%)	$26.6 million (down 15.5%)	8,700
St. Francis Hospital & Health Centers	$362 million (up 10%)	$11.4 million (no change)	3,215, reduced by 337 in 2002–2003
St. Vincent Indianapolis Hospital	$498 million (up 0.7% over budget)	$32 million (up 8.3% over budget)	5,455, reduced in 2002

Although their reimbursements and profits decreased, all of the healthcare systems except Wishard still made money in 2002.

What Should Wishard Do?

Some believed that the days of a stand-alone Wishard were over. Dr. Brater, dean of the IU Medical School, believed that there were strong reasons to consider bringing Wishard into the Clarian network in a formal way. Few (if any) inner-city, tertiary hospitals providing high-level, specialized care could survive within a one-mile radius of each other. In 1995 Methodist Hospital merged with IU's hospitals, which were located less than one mile from Wishard. A merger would potentially eliminate duplication of services and create economies of scale.

Would Clarian agree to take on Wishard's massive community burden of indigent care? What effect would this liability have on the competitiveness of Clarian Health Partners, especially after the construction and financial commitments it had recently made?

Short of a merger—which was not a foregone conclusion—Clarian and Wishard discussed ways to collaborate and save money. They considered options that would be invisible to patients and the public, such as joint billing and purchasing. Collaboration on medical initiatives, even joint ventures involving construction, also was a possibility. Some collaboration already existed between the two. Wishard did not provide open-heart surgery, so it sent its open-heart