

December 2, 2015

Dear Member of Congress:

The undersigned organizations are writing to express our strong support for H.R. 2513, the *Protecting Access, Competition, and Equity Act*. This bipartisan legislation was introduced by Congressmen Sam Johnson (R-TX) and Ruben Hinojosa (D-TX) and provides reasonable opportunities for expansion for high quality hospitals with physician ownership

The Affordable Care Act (ACA) included a provision that strictly prohibits any new physician-owned hospitals from participating in Medicare and Medicaid. We opposed this provision during its consideration, as it creates an unlevel playing field in the health care system for one particular model of hospital ownership. The ACA also prohibits existing, grandfathered physician-owned hospitals from expanding, unless they meet a complicated set of criteria as part of the application process. As a result of these restrictions, only 7 of 224 physician-owned hospitals meet the qualifications for expansion under the criteria for “applicable hospital” or “high Medicaid facility”.

The inability of physician-owned hospitals to address the growing demand for high quality health care services in their community is bad for our entire health care system and does nothing but penalize patients who should have the right to receive care at the hospital of their choice. The restrictions on physician-owned hospitals are particularly discriminatory towards Medicare and Medicaid beneficiaries. Under current law, a physician-owned hospital is forced to choose between expanding to meet the needs of its community or continuing to accept Medicare and Medicaid patients.

Physician-owned hospitals consistently rank higher under current law quality measures compared to other hospitals. For instance, 42 percent of physician-owned hospitals have received 5 stars under the Hospital Star Rating Program whereas only .4 percent of other for-profit hospitals received that ranking. Further, only 8 percent of physician-owned hospitals have been penalized all 3 years of the ACA’s Value-Based Purchasing Program versus 22 percent of other for-profit hospitals and 25 percent of physician-owned hospitals have been penalized all 3 years under the hospital readmission program compared to 70 percent of other for-profit hospitals.

Opponents of physician-owned hospitals continue to make erroneous claims about so-called “cherry picking” of patients at these facilities. This argument is based on an outdated, incomplete study of physician-owned hospitals.

In fact, a comprehensive, peer-reviewed study of all physician-owned hospitals recently published in the highly regarded *British Medical Journal* has finally put the cherry picking accusation to rest. The authors of the study concluded that physician-owned hospitals see the

same patients as hospitals without physician ownership and are not leaving their competitors with sicker, lower-income patients. In fact, lead author Daniel Blumenthal, M.D., a clinical fellow at Massachusetts General Hospital said, “By and large, physician-owned hospitals have virtually identical proportions of Medicaid patients and racial minorities and perform very similar to other hospitals in terms of quality of care.” The authors also conclude that physician owned hospitals are not providing lower-value care or threatening the financial viability of surrounding hospitals.

Physician-owned hospitals have injected much-needed competition into the hospital market, forcing traditional hospitals to improve and innovate. This is a win-win for patients and for the entire health care system as we work to improve care. Physician ownership is driving higher quality and improved outcomes for patients, as demonstrated in the results of the new Value Based Purchasing and hospital star rating programs, among others.

We urge Congress to put patients first and support H.R. 2513 to ensure greater access to high quality, physician-owned hospitals.

Sincerely,

American Academy of Facial Plastic and Reconstructive Surgery

American Academy of Pain Medicine

American Academy of Otolaryngology—Head and Neck Surgery

American Association for Hand Surgery

American Association of Neurological Surgeons

American Association of Orthopedic Surgeons

American Medical Association

American Osteopathic Association

American Society of General Surgeons

American Society for Surgery of the Hand

Cardiology Advocacy Alliance

Congress of Neurological Surgeons

Physician Hospitals of America

Arizona Medical Association

Arkansas Medical Society

Colorado Medical Society

Connecticut State Medical Society

Medical Society of Delaware

Medical Society of the District of Columbia

Florida Medical Association Inc
Medical Association of Georgia
Hawaii Medical Association
Illinois State Medical Society
Indiana State Medical Association
Kentucky Medical Association
MedChi, The Maryland State Medical Society
Michigan State Medical Society
Montana Medical Association
Nebraska Medical Association
Medical Society of New Jersey
Missouri State Medical Association
New Mexico Medical Society
Medical Society of the State of New York
North Carolina Medical Society
North Dakota Medical Association
Ohio State Medical Association
Oklahoma State Medical Association
Pennsylvania Medical Society
South Carolina Medical Association
Texas Medical Association
Utah Medical Association
Washington State Medical Association