Attached is the final letter with all the signatories. Thank you.

Subject: Sign on letter supporting H.R. 2513, the Protecting Access, Competition, and Equity Act

Attached, please find a letter drafted by the Physician Hospitals of America supporting legislation introduced by Rep. Sam Johnson (R-TX) that would partially lift the ban on new physician owned hospitals and also address limitations on the growth of existing facilities. The AMA has separately endorsed this legislation and will also sign on to this letter. A summary of the bill from the Congressional Research Service is below. For your information, the last section of the summary describes a pay-for for the bill, which has the support of the association representing physician owned hospitals.

If your organization is interested in signing on, please let me know by COB Monday, November 30.

CRS Summary:

Promoting Access, Competition, and Equity Act of 2015 or the PACE Act of 2015

This bill amends title XVIII (Medicare) of the Social Security Act to ease application criteria and procedures for physician-owned hospitals to expand their facilities. Under current law, expansion of physician-owned hospitals is subject to certain limitations, such as those regarding the extent and frequency of expansion and requiring community output. The bill suspends these limitations with respect to applications for expansion filed before October 1, 2019.

Following the end of this suspension period, hospitals with consistently high quality ratings are included among those hospitals that may apply to expand their facilities. The Centers for Medicare & Medicaid Services may not alter the methodology for computing a hospital’s quality rating before October 1, 2019.

With respect to hospitals under development as of March 23, 2010, the bill extends to May 1, 2015, the date by which a hospital may qualify for an exception to the ownership or investment prohibition on physician self-referrals.

The bill also: (1) exempts physician-owned hospitals from specified documentation and coding adjustments, and (2) extends reductions in certain inflationary increases associated with Medicare payments for inpatient hospital services.
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