



Oct. 30, 2017

The Honorable Mitch McConnell
Majority Leader
United States Senate
317 Russell Senate Office Building
Washington, DC 20510

The Honorable Charles Schumer
Minority Leader
United States Senate
322 Hart Senate Office Building
Washington, DC 20510

The Honorable Paul Ryan
Speaker
United States House of Representatives
1233 Longworth House Office Building
Washington, DC 20515

The Honorable Nancy Pelosi
Minority Leader
United States House of Representatives
233 Cannon House Office Building
Washington, DC 20515

Dear Majority Leader McConnell, Leader Schumer, Speaker Ryan, and Leader Pelosi:

The Coalition of State Medical Societies — a group of 10 state medical associations representing more than 180,000 physician and medical student members from coast to coast — urges Congress to pass legislation that would lift the Affordable Care's Act (ACA) moratorium on physician-owned hospitals (POHs).

POHs are among the highest-performing providers in the nation and consistently have been recognized in the Medicare program for their high value, low-cost, and patient-favored care. With *doctors* at their helm, POHs are able to provide patient-centered care that has produced better health outcomes for Medicare beneficiaries while reducing unnecessary readmissions. Lifting the POH moratorium also would inject much-needed competition into the hospital market, which in turn would improve patient choice and reduce spending for the Medicare program and beneficiaries.

We therefore urge you to work to lift this POH moratorium, such as by enacting provisions contained within H.R. 1156/S.1133, the Patient Access to Higher Quality Health Care Act of 2017.

We applaud Congress' work to move from a volume-based to value-based health care system, and POHs can play a critical role in this effort. Bundled payments and other types of Medicare's shared savings programs give hospitals the incentive to deliver the highest value, lowest-cost

care to patients. POHs are positioned to excel in this transformative health care delivery system, as the enhanced patient-physician relationship allow physicians more easily to identify and administer the highest value, most efficient treatment for Medicare beneficiaries.

Repealing the POH moratorium also would help achieve Congress' shared goals of improving quality while reducing costs in the Medicare program. Data repeatedly demonstrates POHs' strong Medicare performance, where POHs outscore non-POHs in Medicare's Hospital Star Ratings Program, Hospital Readmission Program, and Hospital Consumer Assessment of Healthcare Providers and Systems (HCAHPS). Furthermore, an Avalon Health Economics study found that POHs have lower net payments than other hospitals, such that POH utilization will result in *\$3.1 billion in savings* to Medicare over a ten-year period. This data affirms the substantial value that POHs offer to the Medicare program and its beneficiaries, and highlights the need to repeal immediately the unfair and arbitrary restriction currently facing POHs.

Repealing the POH moratorium also would be a much-needed step in addressing the growing problems tied to concentration in the hospital marketplace. During an Oct. 11, 2017, Energy and Commerce Committee hearing, a number of congressional leaders raised concern about consolidation in the hospital industry and its adverse impact on patient choice and spending. Repealing the POH moratorium would improve competition immediately in hospital markets and provide patients with access to some of the highest quality physicians and providers in the Medicare program.

In closing, we believe that lifting this moratorium would advance Congress' bipartisan goals of reducing burdens on physicians and providers, improving patient choice, and promoting higher quality, lower cost care. We urge you to work to achieve this goal and stand ready to work with you.

Respectfully,

The Coalition of State Medical Societies

These state medical associations comprise the Coalition of State Medical Societies:

Arizona Medical Association ★ California Medical Association ★ Florida Medical Association
Louisiana State Medical Society ★ Medical Society of New Jersey ★ Medical Society of the
State of New York ★ North Carolina Medical Society ★ Oklahoma State Medical Association
South Carolina Medical Association ★ Texas Medical Association