Opening of Montco doctor-owned hospital renews debate

By Stacey Burling  
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Hand surgeon Frederic Liss sees the new doctor-owned hospital that he and 24 fellow physicians are about to open in Royersford as just what the country's troubled health-care system needs, even though the recent health-reform law takes a decidedly different view.

The 12-bed, five-operating-room, multispecialty surgical hospital will compete with two nearby for-profit hospitals, and that, Liss said, will drive innovation and give patients more choices. He said there was evidence patients prefer physician-owned hospitals and have been less likely to pick up infections there.

"I'm doing this because it's the right thing to do for your care," Liss said last week as he stood in the hospital's lobby. Its grand opening is Monday night. The first patients are scheduled for Oct. 25 for a tonsillectomy and a removal of a tumor on a thumb.

Kenneth Braithwaite, who runs the Delaware Valley Healthcare Council, a regional group representing full-service hospitals, doesn't see it Liss' way. "These hospitals become very lucrative because they take better-paying patients and service lines," he said of the doctor-owned facilities. "That undermines the general acute-care hospital that provides services across the continuum of care."

Critics also say that doctors are more likely to recommend procedures and tests when they profit from them. Independent surgeons are paid a surgical fee regardless of where they work, but they also make money from the hospitalization when they own the building.

Foes of physician-owned hospitals dominated during the health-reform debate and won new rules that would stop physician-owned hospitals from being built, contends the trade group Physician Hospitals of America.

The health-reform law prohibits existing physician-owned hospitals from expanding. Hospitals that want to serve Medicare and Medicaid patients must be Medicare-certified by Dec. 31. To survive financially, said Molly Sandvig, executive director of Physician Hospitals of America, hospitals need the government payers.
Sandvig's group and Texas Spine & Joint Hospital have filed a federal lawsuit in Texas challenging the constitutionality of the new regulations.

She said the new hospital in Royersford, called Physicians Care Surgical Hospital, probably would be among the last doctor-owned hospitals opened. OSS Orthopaedic Hospital in York, Pa., a physician-owned hospital with 30 patient rooms and four operating rooms, expects to open Oct. 18. The Pennsylvania Department of Health knew of no other such hospitals under construction.

Sandvig said there were eight hospitals under construction that could finish in time to comply with the new rules. An additional 10 do not think they can and are trying to figure out other ways to recoup their investments. She said 84 projects under development were being undermined by the new law.

Without being specific, Liss said local hospitals had not welcomed his project with open arms.

Royersford sits between Phoenixville Hospital and Pottstown Memorial Medical Center, both owned by for-profit Community Health Systems Inc. Physicians Care hospital, which is also for-profit, is only about a mile from Phoenixville Hospital's outpatient and surgery center in Limerick.

Phoenixville's chief executive, Stephen Tullman, worried that the hospital would lose patients because doctors at the physician-owned hospital have historically worked at Phoenixville. It now has partnerships with the Philadelphia Hand Center and Moore Eye Institute to "make sure there are no gaps in services."

Phoenixville Hospital is in the midst of a $90 million to $100 million renovation and expansion project. It added one operating room, but renovation of the remaining five will not take place until 2012 and 2013.

Tullman said he did not expect the new, smaller facility in Royersford to weaken his hospital. There are advantages, he said, to having surgery in a comprehensive hospital that has doctors in a wide array of specialties available at all times.

Liss has privileges at Phoenixville, Pottstown, and Paoli Memorial hospitals. He also works out of the center at Limerick. He said that he would perform surgery wherever his patients wanted it, but that he expected many to prefer the new hospital, where he is chairman of the board and medical director. People with complex medical problems should have surgery in full-service hospitals, he said. Physicians Care will have an on-site hospitalist - a physician who specializes in hospitalized patients - to care for inpatients, he said.

Last week, Liss and Larry Feiner, an ear, nose, and throat doctor who also helped get the project off the ground, proudly led a tour of the new building, which follows many of the trends in new hospital construction in the region. It is decorated in inviting colors - in this case, warm browns - and offers pleasant pastoral views from patient windows. The rooms are all singles and include a bed for visitors. The operating rooms are large and stocked with computers. In an unusual twist, the nearby Wegmans grocery will cater patient meals.

The $23 million hospital will be managed by Nueterra Healthcare. It will provide general surgery, gynecology, oral and maxillofacial surgery, ophthalmology, orthopedic surgery,
otolaryngology, and pain management. Liss said he expected 30 surgical cases a day.

Liss sees the new hospital as a way to "bring creativity to health care." He thinks patients will get higher-quality care there. "I did a gut check and said, 'Is this about money?' " he said. "For me, it's not."

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