

May 16, 2017

The Honorable James Lankford
U.S. Senate
316 Hart Senate Office Building
Washington, DC 20510

Dear Senator Lankford:

On behalf of the more than 250 physician-owned hospitals across the United States, the Physician Hospitals of America (PHA) applauds your introduction of the Patient Access to Higher Quality Health Care Act of 2017. This important legislation would increase Medicare and Medicaid beneficiary access to some of the highest-quality, lowest-cost facilities in the nation. Enactment of this bill would enable physician-led hospitals to expand to better serve Medicare and Medicaid beneficiaries and meet patient care needs in local communities.

Data from the Centers for Medicare & Medicaid Services (CMS) demonstrates physician-owned hospitals outperform their competition in quality, patient experience and costs. In the Medicare Hospital Value-Based Purchasing (VBP) Program in FY 2017, seven of the top 10 hospitals with the highest overall performance were physician-owned. 40 of the top 100 hospitals in the VBP program were physician owned in FY 2017 and, for the past 5 years, the top VBP hospital has been physician-owned. CMS data also demonstrates that patients give physician-owned hospitals high rates for patient satisfaction, as physician-owned hospitals represent the majority of hospitals with the best patient experience scores.

Additionally, a study by Avalon Health Economics of CMS payment data found that physician-owned hospitals have lower net payments than other hospitals and save Medicare \$3.2 billion over 10 years. Finally, a comprehensive 2015 study of physician-owned hospitals by researchers from Harvard and Mass General Hospital published in *The BMJ* found “no clinically or statistically significant differences in patient mix” between physician-owned hospitals and their tax-exempt and investor-owned competitors.

Despite this evidence, Section 6001 of the Affordable Care Act (ACA) remains in place, essentially prohibiting construction of new POHs unless they do not treat Medicare and Medicaid patients, and restricting existing POHs from expanding services or capacity, regardless of the needs of their communities. The ACA provision stifles competition, inhibits innovation, and restricts patient access. By repealing Section 6001, your legislation will give more Medicare and Medicaid beneficiaries the choice to receive high quality, affordable care at physician-owned hospitals.

PHA thanks you for your leadership in introducing this important legislation for the benefit of patients and local communities. Please feel free to contact John Richardson, PHA Executive Director, at john@physicianhospitals.org if you have any questions, or if there is anything our organization and our members can do to support your efforts.

Sincerely,



R. Blake Curd, MD
President, Physician Hospitals of America