Physician-Led Hospitals Coalition Letter

July 27, 2023

We, the undersigned organizations, representing physicians and patients, support the Patient Access to Higher Quality Health Care Act (S. 470/H.R. 977), introduced by Senator James Lankford (R-OK), Congressman Michael C. Burgess, M.D. (R-TX) and Congressman Henry Cuellar (D-TX). The legislation would improve patient access to high quality physicians and hospital services, and address hospital consolidation by allowing physician-led hospitals to compete.

A diverse cadre of experts – including the Medicare Payment Advisory Commission, the Congressional Budget Office and academic researchers – have detailed how hospital consolidation hurts patients and the healthcare system, citing increased prices, higher costs for federal programs and consumers and lower quality outcomes. S. 470/H.R. 977 would eliminate section 6001 of the Affordable Care Act (ACA), which has restricted the expansion and new development of physician-led hospitals for more than a decade. Since the ban went into effect, highly concentrated hospital markets have continued to grow – driven by hospital mergers and buyouts of physician practices by increasingly large health systems.

Physician-led hospitals represent a successful healthcare delivery model that focuses on the most important partnership in healthcare, the physician-patient relationship. No other individual in the healthcare system possesses the high level of clinical expertise that physicians have acquired through lengthy and rigorous training. As a result, it is only logical to apply that clinical expertise to the operational side of a hospital. Experts from Georgetown University, Johns Hopkins University, the Medical College of Wisconsin and the University of Vermont concluded in 2021 that specialty physician-led hospitals “provide higher quality care at lower cost with greater efficiency” than other hospitals. Notably, the authors of this study concluded that “new and expanded physician-led hospitals 'should be allowed to participate in the Medicare program to lower costs, improve quality, and increase choice for Medicare beneficiaries.'”

Further, in a 2023 white paper, antitrust lawyers and experts with the U.S. Dept. of Justice, the Federal Trade Commission and the American Medical Association laid out the case for physician-owned hospitals (POHs), “This [ACA] provision, a biproduct of legislative horse-trading, was entirely inconsistent with the laudable goals of the ACA, which were to expand coverage and promote competition in insurance markets to drive down costs and improve quality.” The white paper concluded that “by removing the POH ban, Congress would free physicians to invest and innovate in the hospitals where they apply their expertise every day. Congress should unleash their potential to inject much-needed competition into healthcare markets.”

More than a decade of data has proven that the arbitrary ban on physician-led hospitals limits competition and reduces access to millions of seniors. Physician-led hospitals inject much-needed competition into the hospital marketplace, creating incentives for innovation and quality improvement. The indiscriminate prohibition on new physician-led hospitals and the expansion cap on grandfathered hospitals penalizes patients who deserve the right to receive care at the hospital of their choice. In addition, it places an unnecessary strain on our entire healthcare system.
Physician-led hospitals allow physicians, who are the ultimate experts in patient care, to be involved in the day-to-day decision-making of the hospitals. It is not a coincidence that our nation’s first hospitals were operated by physicians. We urge Congress to pass S. 470/H.R. 977 to put patients and local communities first.

Sincerely,

Alabama Medical Association
Alabama Orthopaedic Society
American Academy of Allergy, Asthma & Immunology
American Association of Orthopaedic Surgeons
American Academy of Otolaryngology- Head and Neck Surgery
American Academy of Physical Medicine and Rehabilitation
American Association of Hip and Knee Surgeons
American Association of Neurological Surgeons
American College of Allergy, Asthma & Immunology
American College of Cardiology
American College of Surgeons
American Gastroenterological Association
American Medical Association
American Osteopathic Association
American Shoulder and Elbow Surgeons
American Society for Surgery of the Hand Professional Organization
American Urological Association
Arizona Medical Association
Arkansas Medical Society
Arkansas Medical Society
Arthroscopy Association of North America
California Medical Association
California Orthopaedic Association
Colorado Orthopaedic Society
Congress of Neurological Surgeons
Connecticut Orthopaedic Society
Connecticut State Medical Society
Georgia Orthopaedic Society
Hawaii Medical Association
Idaho Medical Association
Illinois Association of Orthopedic Surgeons
Illinois State Medical Society
Indiana State Medical Association
Iowa Medical Society
Iowa Orthopaedic Society
Kansas Medical Society
Kentucky Medical Association
Louisiana Orthopaedic Association
Louisiana State Medical Society
Maine Medical Association
Maryland Orthopaedic Association
Massachusetts Medical Society
Massachusetts Orthopaedic Association
Medchi, The Maryland State Medical Society
Medical Group Management Association
Medical Society of Delaware
Medical Society of New Jersey
Medical Society of the District of Columbia
Michigan Orthopaedic Society
Michigan State Medical Society
Minnesota Orthopaedic Society
Mississippi State Medical Association
Missouri State Medical Association
Missouri State Orthopaedic Association
Montana Medical Association
Nebraska Medical Association
New Jersey Orthopaedic Society
New Mexico Medical Society
North Carolina Medical Society
North Carolina Orthopaedic Association
North Dakota Medical Association
North Dakota Orthopaedic Society
Ohio State Medical Association
Oklahoma State Medical Association
Oregon Medical Association
OrthoForum
Pennsylvania Medical Society
Pennsylvania Orthopaedic Society
Physician Advocacy Institute
Physician-Led Healthcare for America
SC Medical Association
South Dakota State Medical Association
South Dakota State Orthopaedic Society
Tennessee Medical Association
Tennessee Orthopaedic Society
Texas Association of Neurological Surgeons
Texas Chapter, American College of Cardiology
Texas Medical Association
Texas Orthopaedic Association
Utah Medical Association
Vermont Medical Society
Virginia Orthopaedic Society
Washington State Medical Association
West Virginia Orthopaedic Society
Wisconsin Medical Society
Wisconsin Orthopaedic Society