

November 3, 2025

The Honorable Beth Van Duyne
U. S. House of Representatives
1337 Longworth House Office Building
Washington, DC 20515

The Honorable Henry Cuellar
U. S. House of Representatives
2308 Rayburn House Office Building
Washington, DC 20515

Dear Representatives Van Duyne and Cuellar:

The undersigned physician organizations representing national medical societies and state medical associations write in support of H.R. 4002, the “Patient Access to Higher Quality Health Care Act of 2025.” This bipartisan legislation would repeal the statutory restrictions on the whole hospital exception to the Stark physician self-referral law, thereby eliminating statutory and regulatory barriers that prevent the formation or expansion of physician-owned hospitals (POHs). Our organizations strongly supported the previous version of this bill, H.R. 977 in the 118th Congress, and we are pleased to reaffirm our support in this new session.

These physician-led hospitals provide high quality care to patients and introduce much-needed competition in the health care industry. Allowing patients more choices for health care services spurs innovation, improves care quality, lowers costs, and expands access to care, particularly in underserved communities. Unfortunately, current law imposes severe restrictions on POHs, banning new physician-led hospitals and sharply limiting the ability of existing POHs to grow. These constraints have been compounded by regulatory changes made in 2022 which reversed a prior effort to ease restrictions on POHs serving Medicaid populations and further narrowed the circumstances under which expansion is allowed.

At the same time, the trend toward increased market concentration among hospitals and health plans has left patients in many communities with few or no alternatives. In such highly consolidated markets, health care costs are higher, and outcomes are often worse.¹ Declining physician payment rates and heavy regulatory burdens have placed independent physician practices at a competitive disadvantage.² Enacting H.R. 4002 would help correct this imbalance by restoring a pathway for physicians to open and expand hospitals that deliver care through integrated, coordinated models.

Critics have argued that POHs “cherry pick” healthier or more profitable patients, but this claim has been repeatedly disproven. The Centers for Medicare & Medicaid Services’ (CMS) own study of referral patterns found no consistent differences between physician owners and their peers, concluding, “we are unable to conclude that referrals were driven primarily based on incentives for financial gain.”³ Additional economic research affirms that POHs do not engage in discriminatory referral practices. Instead, they frequently outperform general hospitals in clinical quality, cost efficiency, and patient satisfaction.⁴

¹ David Dranove and Lawton R Burns, *Big Med: Megaproviders and the High Cost of Health Care in America*, at 178 (2021). This consolidation may also lead to enhanced hospital monopsony power in labor markets. Martin Gaynor, *Antitrust Applied*, at 3.

² *Id.*

³ Study of Physician-owned Specialty Hospitals Required in Section 507(c)(2) of the Medicare Prescription Drug, Improvement, and Modernization Act of 2003, pp 36-55 (2005) (CMS Report). Available at <https://www.cms.gov/Medicare/Fraud-and-Abuse/PhysicianSelfReferral/Downloads/RTC-StudyofPhysOwnedSpecHosp.pdf>.

⁴ Ashley Swanson. *Physician Investment in Hospitals: Specialization, Selection, and Quality in Cardiac Care*. 80 J Health Econ. (2021).

Restoring the whole hospital exception would also support the development of alternative payment and delivery models. Physicians would be better positioned to assume accountability for patient outcomes and costs through clinical integration, similar to systems like Kaiser Permanente and the Mayo Clinic. Such models promote “one-stop shopping,” reduce service duplication, and improve care coordination. The current prohibition on POHs denies patients and physicians access to the benefits of such innovation.

Congress has a clear opportunity to improve care and promote competition without creating new spending programs or administrative burdens by enacting H.R. 4002 and allowing physicians to invest in hospitals. This is a logical step toward a more dynamic and patient-focused health system. We urge swift passage of this legislation and stand ready to assist in your efforts.

Thank you for your leadership on this issue. We look forward to working with you to repeal limits on expansion and new construction of physician-owned hospitals.

Sincerely,

American Medical Association
American Academy of Allergy, Asthma & Immunology
American Academy of Dermatology Association
American Academy of Otolaryngology - Head and Neck Surgery
American Academy of Sleep Medicine
American Association of Hip and Knee Surgeons
American Association of Neurological Surgeons
American Association of Orthopaedic Surgeons
American Association of Physicians of Indian Origin
American College of Allergy, Asthma and Immunology
American College of Cardiology
American College of Gastroenterology
American College of Legal Medicine
American College of Lifestyle Medicine
American College of Radiology
American College of Surgeons
American Gastroenterological Association
American Orthopaedic Foot & Ankle Society
American Osteopathic Association
American Society for Gastrointestinal Endoscopy
American Society for Laser Medicine and Surgery, Inc.
American Society for Surgery of the Hand Professional Organization
American Society of Anesthesiologists
American Society of Cataract & Refractive Surgery
American Society of Nephrology
American Society of Plastic Surgeons
American Society of Retina Specialists
American Urological Association
American Venous Forum
Congress of Neurological Surgeons
International Pain and Spine Intervention Society
Medical Group Management Association
North American Spine Society
Physician-led Healthcare for America

Renal Physicians Association
Society for Cardiovascular Angiography and Interventions
Society for Vascular Surgery
Society of Critical Care Medicine
Society of Interventional Radiology

Medical Association of the State of Alabama
Alaska State Medical Association
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
Medical Association of Georgia
Hawaii Medical Association
Idaho Medical Association
Illinois State Medical Society
Indiana State Medical Association
Iowa Medical Society
Kansas Medical Society
Kentucky Medical Association
Louisiana State Medical Society
Maine Medical Association
MedChi, The Maryland State Medical Society
Massachusetts Medical Society
Michigan State Medical Society
Minnesota Medical Association
Mississippi State Medical Association
Missouri State Medical Association
Montana Medical Association
Nebraska Medical Association
Nevada State Medical Association
New Hampshire Medical Society
Medical Society of New Jersey
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
Oregon Medical Association
Pennsylvania Medical Society
Rhode Island Medical Society
South Carolina Medical Association
South Dakota State Medical Association
Tennessee Medical Association
Texas Medical Association
Utah Medical Association

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Vermont Medical Society
Medical Society of Virginia
Washington State Medical Association
Wisconsin Medical Society
Wyoming Medical Society