

May 23, 2022

The Honorable James Lankford
United States Senate
Washington, DC 20002

Dear Senator Lankford:

On behalf of the American Association of Orthopaedic Surgeons and its 39,000 members, I wish to express my support for S. 4130, the “Patient Access to Higher Quality Health Care Act of 2022.” This common-sense legislation would repeal the controversial moratorium on expansion and new construction of physician-owned hospitals (POH).

The Affordable Care Act (ACA) included a provision that strictly prohibits any new POH from participating in Medicare or Medicaid. Furthermore, the ACA also prohibits existing POHs from expanding unless they meet a very complicated set of criteria as part of a long application process. These hospitals provide some of the highest quality care in the country and help meet a growing demand for health care services, especially in rural areas.

Consumer Reports Magazine reported that hospitals run by physicians have been shown to run more efficiently and have higher quality patient outcomes than those run by non-physicians or appointed boards. And these hospitals are not just providing high-quality care and contributing to local economies – they are saving the government money. An analysis by Avalon Health Economics found POHs are saving Medicare \$3.2 billion over ten years.

Concerns that POHs could have an incentive to serve only the most profitable patients have been proven baseless. A comprehensive, peer-reviewed study found that overall, “physician-owned hospitals have virtually identical proportions of Medicaid patients and racial minorities and perform very similar to other hospitals in terms of quality of care.”

Members of Congress from both sides of the aisle have recently focused on the harm that too much consolidation could bring to our health care system. Lifting the ban on new and expanded POHs could help correct this type of consolidation and give patients the right to receive care at the hospital of their choice. POHs inject much-needed competition into the hospital marketplace, incentivizing traditional hospitals to improve and innovate. Finally, POHs allow doctors, who know patient care best, to be more involved in some of the day-to-day decision-making of the hospitals.

I urge Congress to put patients first and pass the “Patient Access to Higher Quality Health Care Act of 2022.”

Sincerely,

Felix H. Savoie, III, MD, FAAOS

AAOS President

cc: Kevin J. Bozic, MD, MBA, FAAOS, AAOS First Vice-President

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