



THE PATIENT ACCESS TO HIGHER QUALITY HEALTH CARE ACT OF 2023 **(H.R. 977/S. 470)**

On March 23, 2010, President Obama signed into law the Patient Protection and Affordable Care Act (ACA). Section 6001 of the ACA included a provision that prohibits any new physician-led hospital (POH) from participating in Medicare or Medicaid. Furthermore, the ACA also prohibits, with few exceptions, existing POHs from expanding. This anti-competitive policy is bad for our healthcare system, bad for Medicare and, most importantly, bad for patients.

The AAOS believes the ban on expansion of physician-led hospitals must be lifted to ensure Medicare patients have access to the high-quality health care provided by these hospitals.

POHs consistently rank very highly under current quality and value measurement programs when compared to other hospitals. For example, under the ACA, hospitals were provided an incentive to improve their processes and patient satisfaction through the Hospital Value Based Purchasing program. When a hospital performs well, it receives a small increase in its total Medicare payment and poorly performing hospitals receive a penalty. In FY 2017, 7 out of the top 10 and 40 out of the top 100 hospitals were physician-led.

The Centers for Medicare & Medicaid Services (CMS) has recognized the important role POHs can play in providing high quality care in certain communities. In fact, 8 facilities in rural areas have been permitted to expand since the implementation of the ACA. In addition, CMS released regulations to make it easier for POHs in high Medicaid areas to expand during COVID-19 and helped expand access. More must be done to reduce unnecessary barriers and improve patient access to care.

Why This Legislation Matters:

The Patient Access to Higher Quality Health Care Act of 2023 would simply remove the restrictions on expansion and new construction of POHs. POHs, including both general acute care and specialty hospitals, can offer competition to traditional hospitals that benefit patients and physicians with respect to quality, innovation, and cost. Policymakers have few effective tools to mitigate hospital consolidation and the lifting of restrictions on the growth of POHs present such an option.

POHs provide some of the highest quality care in the country and help meet a growing demand for health care services, especially in rural areas. The current prohibition penalizes patients who deserve the right to receive care at the hospital of their choice.

AAOS Recommends:

The AAOS recommends supporting the Patient Access to Higher Quality Health Care Act of 2023 (H.R. 977/S. 470).