



The Patient Access to Higher Quality Health Care Act of 2021

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 strictly prohibits any new physician-owned hospital (POH) from participating in Medicare or Medicaid. Furthermore, the ACA also prohibits, with few exceptions, existing physician-owned hospitals from expanding. This anti-competitive policy is bad for our healthcare system, bad for Medicare and, most importantly, bad for patients.

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.

Physician-owned hospitals 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 FY2017, 7 out of the top 10 and 40 out of the top 100 hospitals were physician-owned.

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 allowed to expand since the implementation of the ACA. In addition, CMS recently released regulations to make it easier for POHs in high Medicaid areas to expand during COVID-19 and helped expand access. More can be done to reduce these regulations and improve patient access.

Why This Legislation Matters:

The Patient Access to Higher Quality Health Care Act of 2021 would simply repeal the restrictions on expansion and new construction of physician-owned hospitals.

The AAOS believes the ban on expansion of physician-owned hospitals must be lifted to ensure Medicare patients have access to high quality health care, as these hospitals provide some of the highest quality care in the country. Physician-owned hospitals also inject much-needed competition into the marketplace, forcing traditional hospitals to improve and innovate.

AAOS Recommends:

The AAOS recommends supporting H.R. 1330, the Patient Access to Higher Quality Health Care Act of 2021.

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