



THE PATIENT ACCESS TO HIGHER QUALITY HEALTH CARE ACT OF 2017

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 from participating in Medicare or Medicaid. Furthermore, the ACA also prohibits existing physician-owned hospitals 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. The current prohibition penalizes patients who deserve the right to receive care at the hospital of their choice.

Physician-owned hospitals consistently rank very high under current quality measures 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.**

In addition, 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.

Why This Legislation Matters:

The Patient Access to Higher Quality Health Care Act of 2017, (H.R. 1156) introduced by Representative Sam Johnson and Representative Sheila Jackson Lee, would simply repeal the restrictions on expansion and new construction of physician-owned hospitals. Senator James Lankford is introducing a Senate version of the bill.

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.

What Congress Should Do:

The AAOS recommends supporting H.R. 1156, the Patient Access to Higher Quality Health Care Act of 2017.

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