



AMERICAN ACADEMY OF
ORTHOPAEDIC SURGEONS

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May 19, 2015

Chairman Kevin Brady
US House Committee on Ways and Means, Subcommittee on Health
1135 Longworth House Office Building
Washington, DC 20515

Dear Chairman Brady:

On behalf of the American Association of Orthopaedic Surgeons (AAOS), which represents over 18,000 board-certified orthopaedic surgeons, in light of your interest in improving competition in the Medicare program by removing moratoria and expanding access, I would like to stress the importance of lifting the moratorium on the construction and expansion of physician owned hospitals.

As you may know, the Patient Protection and Affordable Care Act (PPACA) included a provision that prohibits Medicare licensure of new physician-owned hospitals. While the ACA does include a process that would allow physician-owned hospitals that were grandfathered in under the law to expand, the process is so onerous that only one hospital has been approved by CMS for expansion. These hospitals provide some of the highest quality care in the country, and prohibition undermines the goal of the ACA which was to increase access to quality health care.

Congressman Sam Johnson (TX-R) has introduced H.R. 976, the Patient Access to Higher Quality Health Care Act, which would simplify the expansion process to allow physician-owned hospitals that are licensed by Medicare to add beds, operating rooms and/or procedure rooms just like any other hospital. Additionally, the bill would allow those hospitals that were in development and/or under construction but were unfairly prevented from opening with physician ownership to be grandfathered under the law. Finally, the bill reinstates the ability of physicians to invest in hospitals in danger of closing. Lifting the prohibition will allow physician-owned hospitals to meet the growing demand for health care services in their communities. Physician-owned hospitals are a vital part of our nation's health care system and have a proven track record of consistently ranking in the top in the nation in terms of patient outcomes.

Please feel free to contact Julia Williams, Senior Manager, AAOS Office of Government Relations, at (202) 548-4149 or JWilliams@AAOS.org if you have any questions or comments.

Sincerely,

David D. Teuscher, MD
President
American Association of Orthopaedic Surgeons

cc: Thomas C. Barber, MD, Chair, AAOS Council on Advocacy
Karen L. Hackett, FACHE, CAE, AAOS Chief Executive Officer
William O. Shaffer, MD, AAOS Medical Director