




Self-referral to limited-service hospitals: Bad for America's health care system!

FACT Fax

Research finds self-referral leads to more laboratory tests and higher health care costs.

Congress banned self-referral for many services, including laboratory services. But certain physicians are exploiting a loophole and self-referring patients for inpatient and outpatient laboratory services to hospitals they own.

Patients of physicians in a position to profit from referrals:

- Received **34% more** laboratory services than the general Medicare population.¹
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- 94%** of physician-owned limited service hospitals have clinical laboratory services.²

CLOSE THE LOOPHOLE:

Make permanent the ban on physician self-referral to new limited-service hospitals.



¹ U.S. Department of Health and Human Services, Office of the Inspector General: Financial arrangements between physicians and health care businesses, 1989b.

² Medicare Cost Report Data (HCRIS, released 4th Quarter 2004).