



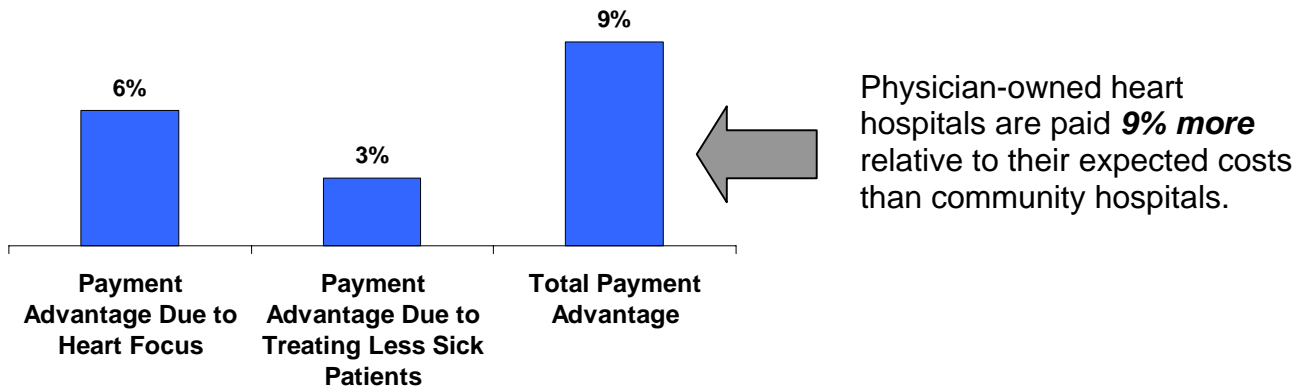
Self-referral to limited-service hospitals: Bad for America's health care system!

FACT Fax

MedPAC: Choosing well-paid services and less sick patients creates a payment advantage for physician-owned heart hospitals.

MedPAC found that physician-owned cardiac hospitals limit their services to those that are better paying and focus on less sick patients. These selection tactics lead to higher payments relative to expected costs for physician-owned cardiac hospitals versus community hospitals.

Percent Above National Average Payment Relative to Cost for Physician-owned Heart Hospitals by Type of Selection



Source: MedPAC Report to Congress, Physician-owned Specialty Hospitals, March 2005. Payment advantage is based on expected profitability given the mix of patients at heart hospitals versus the average mix across all community hospitals. Cardiac hospitals are assumed to be of average efficiency for this analysis.

CLOSE THE LOOPHOLE:

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

