



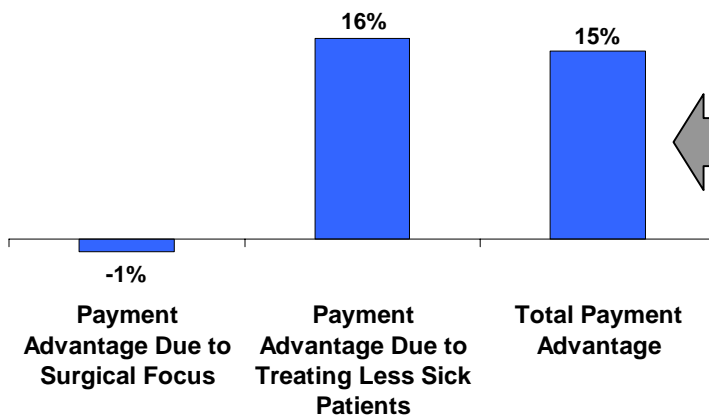
Self-referral to limited-service hospitals: Bad for America's health care system!

FACT Fax

MedPAC: Choosing less sick patients creates a payment advantage for physician-owned surgical hospitals.

MedPAC found that physician-owned surgical hospitals focus on less sick patients. This selection tactic leads to higher payments relative to expected costs for physician-owned surgical hospitals versus community hospitals.

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



Physician-owned surgical hospitals are paid **15% more** relative to their expected costs than community hospitals.

Source: MedPAC Report to Congress, Physician-owned Specialty Hospitals, March 2005. Payment advantage is based on expected profitability given the mix of patients at surgical hospitals versus the average mix across all community hospitals. Surgical 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.

