Physician-owned limited-service hospitals focus on the most profitable patient and payer groups.

Physician-owners have the power to select which patients to refer to the facility they own. In Arizona, physician-owners practicing at their own heart hospitals serve a lower proportion of Medicaid and HMO patients. Owners focus instead on well-paid fee-for-service patients.

**CLOSE THE LOOPHOLE:**

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

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**Source:** Mitchell JM, Effects of Physician-owned Limited-service Hospitals: Evidence from the Market for Cardiac Inpatient Care in Arizona, Georgetown University, April 26, 2005.