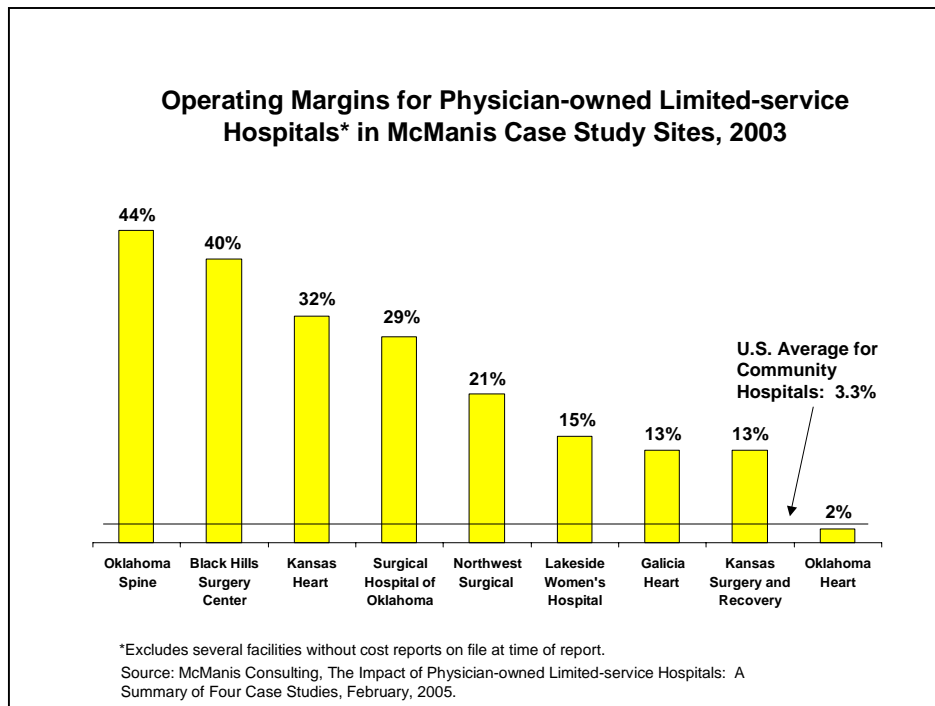


Self-referral to limited-service hospitals: Bad for America's health care system!

FACT Fax

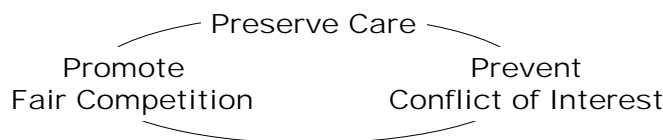
Physician-owned hospitals are less efficient but make higher profits – is this the kind of competition we need in health care?

The high profits of physician-owned facilities come from cherry-picking and patient steering, not from greater efficiency. In fact, MedPAC found that physician-owned facilities are less efficient than their full-service competitors. Relative to their full-service competitors, the cost per case at surgical hospitals is 30 percent higher, at orthopedic hospitals 17 percent higher, and at heart hospitals 8 percent higher.¹ Yet this “competition” is creating handsome returns for investors.



CLOSE THE LOOPHOLE:

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



¹ Source: MedPAC Report to Congress, Physician-owned Specialty Hospitals, March 2005. Due to small sample size these results do not meet tests for statistical significance. Competitor hospitals are located in the same market and offer some of the same services.