It is not surprising that physician-owned limited-service hospitals are less efficient than their full-service competitors.

The self-referral model doesn’t rely on efficiency to make money. With self-referral, physician-owners can ensure high profits by selectively steering only the best paying patients to the limited-service hospitals they own. Not surprisingly, MedPAC found this model of care actually leads to higher costs per service. Conflict of interest stands in the way of real competition.

Due to small sample size these results do not meet tests for statistical significance.

CLOSE THE LOOPHOLE:
Make permanent the ban on physician self-referral to new limited-service hospitals.