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

FACT Fax

Physician-owners can – and do – steer patients to the facilities they own. *Changes to Medicare payment policy alone will not address this issue.*

Patients rely on their physicians to determine what care to get and where to get it. When physicians own limited-service hospitals, they have a financial incentive to steer patients to those facilities – which the data suggests is exactly what happens.

**Owner vs. Non-owner Change in Volume of Cardiac Services at Community Hospital After Opening of Physician-owned Heart Hospital**

<table>
<thead>
<tr>
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<th>2003 (Year prior to opening of heart hospital)</th>
<th>2004 (Year after opening of heart hospital)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Non-owners Affiliated w/Community Hospital</td>
<td>5811</td>
<td>5978</td>
</tr>
<tr>
<td>Physicians Becoming Owners of Heart Hospital</td>
<td>8440</td>
<td>3614</td>
</tr>
</tbody>
</table>

Source: Texas Hospital Association, Covenant Health System

**CLOSE THE LOOPHOLE:**

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

Preserve Care

Promote Fair Competition

Prevent Conflict of Interest