

July 8, 2025

The Honorable Beth Van Duyne  
U.S. House of Representatives  
1725 Longworth House Office Building  
Washington, DC 20515

The Honorable Henry Cuellar  
U.S. House of Representatives  
2308 Rayburn House Office Building  
Washington, DC 20515

Dear Representatives Van Duyne and Cuellar:

On behalf of our nearly 5,000 member hospitals, health systems and other health care organizations, our clinician partners — including more than 270,000 affiliated physicians, 2 million nurses and other caregivers — and the 43,000 health care leaders who belong to our professional membership groups, the American Hospital Association (AHA) writes to express our opposition to H.R. 4002, the Patient Access to Higher Quality Health Care Act.

If enacted, H.R. 4002 would skew the health care marketplace in favor of physicians who self-refer patients to hospitals they own, and it would destabilize health care access in communities while failing to improve access to quality care.

H.R. 4002 would result in additional gaming of the Medicare program, jeopardize patient access to emergency care, potentially harm sicker and lower-income patients, and severely damage the safety-net provided by full-service community hospitals across the nation.

Our member hospitals and health systems welcome competition; however, physician self-referral is the antithesis of fair competition. This problematic practice allows physicians to steer their most profitable cases to facilities they own — facilities that often call 9-1-1 to handle their emergencies and are often located in the most affluent areas. By providing the highest-paying procedures to the best-insured patients, physician owners inflate health care costs and drain essential resources from community hospitals, which depend on a balance of services and patients to provide indispensable treatment, such as behavioral health and trauma care. By increasing the presence of these self-referral arrangements, H.R. 4002 would destabilize community care.

Since the Medicare Modernization Act of 2003, Congress has supported ending the egregious and costly practice of physician self-referral to hospitals they own. Current law represents a compromise that (1) allows existing physician-owned hospitals to



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continue to treat Medicare patients, (2) permits the expansion of those physician-owned hospitals that meet communities' needs for additional hospital capacity and treat low-income patients, and (3) prohibits Medicare from covering services in any new physician-owned hospitals (POHs) established after Dec. 31, 2010. Congress established these guardrails to protect the Medicare program from overutilization, patient steering and harmful patient selection practices that POHs employ. Data have shown time and again that POHs select only the healthiest and most profitable patients, serving lower proportions of Medicaid beneficiaries, dual-eligible patients and uncompensated care than full-service acute care hospitals. The Congressional Budget Office, the Medicare Payment Advisory Commission and the Centers for Medicare & Medicaid Services have concluded that physician self-referral leads to greater per capita utilization of services and higher costs for the Medicare program, among other negative impacts.

For these reasons, the AHA strongly opposes expansion of POHs — by either creating new categories of exceptions or allowing existing POHs to expand — and cannot support H.R. 4002. Congress should maintain current law, preserve the ban on physician self-referrals to new POHs, and retain restrictions on the growth of existing POHs.

Sincerely,

/s/

Lisa Kidder Hrobsky  
Senior Vice President, Advocacy and Political Affairs