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Physician-ownership provision punted

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It's funny how quickly things can change. Things that seemed so certain one minute suddenly become long shots the next. When President Barack Obama last week signed into law the reauthorization of the State Children's Health Insurance Program, noticeably absent was the provision that would have banned physicians from having an ownership stake in hospitals. Only last month was that provision considered a sure thing by the hospital lobby, which had been pushing for the ban for years.

We're not exactly sure what led to the provision being stripped from the final version of the bill. Perhaps it was something simple like a desire to keep the bill trained on one subject to ensure passage. But perhaps it was the realization that physician ownership is nothing more than a red herring tossed out by the hospital lobby to protect the economic interests of its members.

As we've argued many times in this space, physician ownership brings a host of much-needed benefits to the healthcare delivery system, including its ability to expand access to services, to control costs through competition and to improve quality through focused care. And what's legal for one sector of the industry—hospitals can buy and own physician practices—should be legal for another sector of the industry—physicians can buy and own hospitals. Fair is fair.

The failure of the physician-ownership ban was just the second piece of great news for physician-executives in the past few weeks. As *Modern Physician* reporter Gregg Blesch reports in this issue's [Top Story](#), physician-owned hospitals scored another important legal victory, this time in Texas.

Last month, the Memorial Hermann Healthcare System in Houston agreed to pay the Texas attorney general's office \$700,000 to settle allegations that it pressured local health insurers not to do business with a new physician-owned hospital that was competing with one of its hospitals. The doc-owned hospital opened in 2005 and closed in 2007. Under the settlement, Memorial Hermann admitted no wrongdoing but it agreed not to engage in the type of business practices of which it was accused.

The settlement should make other hospitals and hospital systems think twice about trying to cut off competition from physician-owned hospitals by choking off their payer contracts. And it should embolden physician-owned hospitals victimized by such practices to take legal action.

All in all, the year has started out very well for physician-executives. But like we said, the tables can turn quickly. The physician lobby would be wise not to let its guard down.

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