

## Physicians v. Hospitals

*Elyas Bakhtiari, for HealthLeaders Media, May 8, 2008*

Forget Hillary Clinton and Barack Obama. The political battle you want to keep an eye on this spring is the fight between two of healthcare's biggest associations over the merits of physician-owned specialty hospitals.

This certainly isn't a new debate. As the number of physician-owned hospitals has risen dramatically since the 1990s, hospitals and a handful of others in the healthcare industry have questioned the safety of these facilities and raised red flags about the potential for self-referrals and other financial conflicts of interest. Congress has looked into the matter several times and went so far as to impose a moratorium on physician referral to new specialty hospitals between 2004 and 2006.

But the hospital industry threw fuel on the fire in April when it lobbied to slip into an unrelated farm bill a provision to ban all self-referrals to physician-owned hospitals (the provision was later dropped). The flames were further fanned the same month when the American Hospital Association released a [12-page report](#) criticizing "physician ownership and self-referrals in hospitals," and again when the AHA, along with the Federation of American Hospitals and the Coalition of Full Service Community Hospitals were accused of [misstating key facts](#) about safety in physician-owned hospitals in order to provoke Congressional action. The OIG sent an official [letter of rebuke](#) to the hospital associations for misrepresenting the research.

Clearly, hospitals view competition from physicians as a major threat and are doing their best to quash it. But physicians aren't taking it lying down. The American Medical Association, the nation's largest association of physicians, released a scathing critique yesterday of the hospital industry's "campaign to eliminate physician-owned hospitals," accusing the AHA of resorting to "smoke and mirrors."

"[This] has nothing to do with patients, and everything to do with eliminating competition," said William G. Plested, MD, immediate past president of the AMA. "Plain and simple—this is nothing more than a power grab by the hospital industry."

So who's right? Well, as is the case with most political disputes, both sides have a few valid points buried beneath layers of over-hyped rhetoric. Physician self-referrals in general present the opportunity for abuse and [contribute to rising medical costs](#) and should be a concern in all settings, particularly in hospitals where physicians have a direct financial interest. But physician-owned hospitals also expand access and provide patients with care options to choose from, and as long as there are checks in place to ensure safety, there's no reason to completely nix the concept.

Perhaps a better question: Is this really what the industry should be focused on right now? Lobbyists representing both sides are making their case to Congress; the AMA and AHA and other associations are spending money, time, and effort on this battle. That's money, time, and effort that could be spent working toward a better payment system or finding a way to cover the nation's uninsured or preparing for the upcoming physician shortage.

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