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"If we hadn't hired Regent to turn around our center, we probably wouldn't be in business today."

Dan Curhan, M.D. Urologist and Founder, Santa Barbara Surgery Center



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## Some 75 Planned Physician-Owned Hospitals Wouldn't Meet New Deadline in Senate Reform Bill

Written by Leigh Page | [December 22, 2009](#)



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About 75 of the 127 physician-owned hospitals under construction wouldn't meet the new Aug. 1, 2010, deadline in the revised Senate health reform bill, according to an informal count by Physician Hospitals of America.

Several Democratic senators, including Ben Nelson (D-Neb.), the last senator to endorse the bill, were "incredibly helpful" in securing the six-month extension beyond the bill's original deadline of Feb. 1, 2010, said PHA Executive Director Molly Sandvig.

But even with the six-month extension, Ms. Sandvig said winter weather would hamper construction in northern states and all projects would have to Medicare-certified by the deadline.

### PHA calls for last lobbying push

Ms. Sandvig said PHA will continue to lobby for changes in the next step of the bill-making process. If the Senate approves the bill on Christmas Eve, as expected, a House-Senate conference committee would establish the final language of the legislation. The Democratic leadership is aiming to complete the process in time for Pres. Obama's State of the Union address in January, she said.

"Don't quit now!" Ms. Sandvig advised members. "We are fighting hard for the success of your hospitals and need your continued support."

PHA officials want to move the deadline to Jan. 1, 2014, and to soften the growth restrictions on existing physician-owned hospitals.

Although the deadline for new hospitals was changed, the Senate has not altered the bill's prohibition against existing physician-owned hospitals from adding beds, ORs or procedure rooms, and the same language exists in the House bill. Both bills state that physician-owned hospitals that meet four specific requirements would be allowed to grow, but

PHA research shows that no existing physician-owned hospital meets all four criteria.

**What facilities could do if ban stayed intact**

If the language is unaltered, Ms. Sandvig said physician-owned projects that can't meet the deadline — as well as existing hospitals that want to grow – would have 5-7 alternatives that basically involve restructuring ownership and ceding some control to non-physicians.

"None of these [alternatives] are very pretty," she added.

One alternative, she said, involves physicians owning the building and the land but not the hospital, allowing them to operate under a management agreement. Another would mean switching to a non-profit foundation somewhat like Mayo Clinic, she said.

In both instances, Ms. Sandvig said, there would be some loss of control as well as reduced income.

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