

From the president  
**Ronald M. Davis, MD**



### **Mental health parity and physician-owned hospitals**

Last week the U.S. House of Representatives passed legislation that would greatly benefit patients who suffer from mental illnesses, but it's a bit of a mixed bag.

This bill, known as the [Paul Wellstone Mental Health and Addiction Equity Act of 2007](#), would require most health insurers to provide the same level of coverage for treatment of patients with mental illnesses that they do for those with physical ailments. However, the AMA strongly objects to one of the funding mechanisms attached to it: the elimination of physician-owned hospitals.

The U.S. Senate passed a [separate mental health parity bill](#) last September, so I'm curious as to what the final legislation will look like after both chambers of Congress negotiate a compromise bill. The Senate version does not include a funding mechanism.

The negotiations could be an interesting process. The House bill is being championed by U.S. Rep. Patrick Kennedy, D-R.I., and his father, U.S. Sen. Ted Kennedy, D-Mass., is an advocate for the Senate version.

Legislation is sorely needed to end insurer discrimination against the more than 113 million Americans who suffer from mental illnesses, including the nearly 82 million covered under the Employee Retirement Income Security Act who are unable to benefit from state parity laws. Patients with mental illnesses such as depression, anxiety, or substance-use disorders often are charged higher co-payments and deductibles than those with other illnesses and injuries, and many are allowed fewer doctor visits or days in the hospital.

[According to the American Psychiatric Association \(APA\)](#), mental illnesses—when left untreated—can cost society more than \$200 billion each year, both in terms of lost productivity and an increased burden on public safety-net programs and family caregivers.

In an April 2007 report, the National Institute on Drug Abuse stated that the costs attributable to substance-use disorders exceed \$500 billion annually. The [American Society of Addiction Medicine](#) is doing outstanding work to improve the quality of addiction treatment, and to educate physicians, other health care providers, and patients about addiction medicine.

Treatment success rates for mental disorders often exceed rates for treatment of chronic physical illnesses. The National Institute of Mental Health has found that [treatment of depression carries a success rate as high as 80 percent](#), exceeding the treatment success rates for many non-psychiatric medical conditions.

While the AMA supports mental health parity, we'll continue to voice our intense opposition to banning physician-owned hospitals to help pay for any legislation. In the House bill, these restrictions would apply to all physician-owned hospitals, including those that serve rural populations and, in an ironic twist, the mentally ill.

Many physician-owned hospitals are specialty facilities. These hospitals are smaller than big community facilities and have been proven to offer improved, cost-effective care that results in lower infection rates, fewer medical errors, and shorter operating room turnover times. Moreover, specialty hospitals encourage competition among health facilities, which has led to the delivery of higher-quality and innovative health care in the communities where they are located.

Specialty hospitals have received heavy scrutiny from federal legislators during the past several years. In 2003, Congress passed a moratorium on establishing these facilities but did not ban them. The moratorium expired in August 2006.

Last year, the U.S. House passed legislation to both reauthorize the State Children's Health Insurance Program and address Medicare physician payment cuts, but a ban on specialty hospitals was attached to it. Congress approved a final version in late December that averted a cut in this year's physician payments for six months, but the specialty hospital ban wasn't included.

The benefits of physician-owned specialty hospitals are evident in a report to Congress by the Centers for Medicare & Medicaid Services, which used a study sample of 11 specialty hospitals in six markets to review quality-of-care issues. CMS found that the specialty hospitals provided "a greater level of net community benefits ... than competitor hospitals," and had risk-adjusted 30-day mortality rates that were significantly lower than those for community hospitals. Additionally, patients responded very favorably to the specialty hospitals where they received care.

Meanwhile, a recent University of Iowa study of more than 150,000 Medicare patients found that complication rates, such as bleeding, infections, or death, are 40 percent lower for hip and knee surgeries at specialty hospitals than at community facilities.

Physician-owned hospitals shouldn't be used as a pawn to prevent insurer inequities in coverage of treatment for mental illness and addiction. The AMA supports laws and rules that would require insurers to place mental and physical illnesses on the same coverage level, but we'll continue fighting to preserve physicians' right to have an interest in hospitals. I'm hopeful we can accomplish both of those goals.

A handwritten signature in blue ink on a white background, reading "Ronald M. Davis".

Please send comments, questions, and replies to [amaprez@ama-assn.org](mailto:amaprez@ama-assn.org).