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Media Contact:

Molly Sandvig, Executive Director
Physician's Hospitals of America
(605) 321-3483

**Congressional Action Could Harm Physician Hospitals
Economic Impact Could Be Severe**

WASHINGTON – Special interests who tried to attack physician-owned hospitals in Congress last year by attaching harmful measures to the Farm Bill and War Supplemental Bill are at it again. Now, a handful of lawmakers are trying to use a children's health care bill to limit patients' access to some of the best hospitals in the country.

"We know that physician-owned hospitals are good for patients and good for the economy," said Molly Sandvig, Executive Director of Physician Hospitals of America, the national association representing the interests of physician hospitals. "It is completely counterintuitive that at a time when our country is experiencing an economic downturn, high rates of unemployment, and inadequate access to healthcare, Congress would consider killing an industry that provides over 55,000 jobs nationally and that provides patients access to the best quality healthcare available in America."

There are currently 199 physician-owned hospitals nationwide. Together, these facilities employ thousands of doctors, nurses, and support staff. They also provide a local economic engine through property taxes, higher wage jobs, and greater health care choices for local residents.

A recent study of the economic impact of physician-owned hospitals in Arkansas, Indiana, Louisiana, South Dakota, Nebraska, Ohio, Pennsylvania, and Texas conducted by the Health Economics Consulting Group found that:

"Physician-owned hospitals add considerable value to state economies, ranging from a net effect of \$117.8 million in Pennsylvania to \$2.3 billion in Texas. The combined impact across all eight states is \$2.9 billion. This implies that physician-owned hospitals, through their employment and capital expenditures, generate a total of \$3.9 billion in economic activity in these eight states alone."

The proposed language being added to the children's health care bill (SCHIP) would not allow hospitals to grow and would essentially cause these hospitals to

whither on the vine since they could not adjust to marketplace demand. Also, there would be no protection offered for hospitals under development and no physician hospitals built after January 1, 2009 would be allowed to take Medicare or Medicaid patients.

Closure of physician-owned hospitals would eliminate \$2.4 billion in total payroll, \$509 million in federal taxes, \$1.9 billion in trade payables, and will put 55,000 full- and part-time employees out of work.

There are also 85 hospitals currently under development nationally. On these hospitals, an estimated \$1,830,909,350 has been expended with \$574,358,090 still outstanding, ready to be spent. The addition of these 85 hospitals would also equate to an estimated 23,000 more jobs.

“HR 2 is punitive legislation and the physician hospital piece is an insignificant offset to the costs of SCHIP. It is hard to understand how Congress can propose an important increase in medical services to children while simultaneously cutting back on hospitals that provide services to this population, among others.”

For more information on physician-owned hospitals please visit www.physicianhospitals.org or contact Molly Sandvig at (605) 321-3483.