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AHA Bashes PHA Letter to Candidates

12/14/2007

In a joint statement and letter sent by the Iowa Hospital Association (IHA) and the American Hospital Association (AHA), the two groups accuse Physician Hospitals of America (PHA) and its member physicians of sending "all fiction, no facts," to presidential candidates.

PHA's letter briefed the candidates on physician-owned specialty hospitals and the business models' positive effects on today's healthcare landscape.

The AHA, however, notes a different view.

In a letter dated for Dec. 13, the AHA and IHA sent their own letter calling the PHA letter a "misleading missive." The two groups, which represent full-service community hospitals, set out to "set the record straight" about the "real impact" of "limited-service facilities" and how this business model "drives up the nation's healthcare costs and threatens to dismantle vital community resources for patients."

The joint IHA-AHA letter mentions the "cherry picking" aspect and claims that "concerns have surfaced" about the specialty hospitals' ability to handle emergencies and complications following surgeries.

"Our concern, as an industry, is for the patients involved and their ability to be treated at the best hospitals in the country, many of which are physician-owned," counters Molly Sandvig, executive director of Physician Hospitals of America. "On the contrary, it is apparent that the big box, tax exempt hospitals represented by the AHA are merely concerned with their financial bottom line. Patients across the country deserve the right to choose a hospital with lower infection rates, better nurse to patient ratios, and better outcomes. Our hospitals provide that choice. The AHA does not want to compete with the services our hospitals can provide, so they're crying foul where no foul exists. The AHA's response to the letter sent to presidential candidates by physicians is nothing more than a simple regurgitation of very old arguments, all of which are without merit."

Sandvig continues, "The physicians who drafted and signed this letter were asking for the assistance and consideration of the presidential candidates. The AHA's response accuses them of lying. Whether or not the MBAs/administrators at the big box hospitals want to admit it, physicians are a necessary part of healthcare. It is disturbing to see the AHA so willing to undercut those who provide care for the mere purpose of arguing their financial bottom line, when as tax-exempt, 'non-profit' hospitals, their profits hit a record high and made a jump of more than 20 percent net revenues, in 2006 alone."

Below is the full text of the physician-written letter backed by PHA:

Dear Presidential Candidates,

As physicians we have become concerned over the disparity between the campaign rhetoric concerning health care and what we know is on the verge of happening in Washington.

While each of you has issued a health care policy paper or plan, the U.S. Senate Finance Committee is poised to wipe out nearly 200 of America's physician run hospitals at the urging of a few politicians and the huge hospital chains for whom they seem to work.

We work at just such a facility near the Iowa-South Dakota border. Siouxland Surgery Center is ranked number one for spinal surgery in the state of South Dakota and is in the top ten for spinal surgery in the nation. Being right on the border with Iowa, Siouxland Surgery Center employs doctors from South Dakota and Iowa that serve patients from both states.

If our hospital is closed, patients will suffer. And we are not alone. These community-based and doctor owned hospitals have been at the forefront of medical breakthroughs for over 200 years. America's physician run hospitals have been the leaders in medical breakthroughs, new life-saving technology, and advances in surgery techniques.

If this legislation is adopted, hospitals that are directed by doctors in small towns, suburbs, and cities across the country will be forced to close. Tragically, this is more than just an inconvenience for American's who do not live near a major medical center. This special interest meddling with our health care system will have far-reaching implications and unintended consequences.

If, for example, the U.S. Congress had adopted this legislation years ago, The Mayo Clinic, one of the most well-known and respected medical facilities in the world would never have opened. And countless millions of Americans would have been deprived the benefits of The Mayo Clinic's research and experience.

The Senate Finance Committee is scheduled to meet on this matter just a few days from now on December 5th. Because this is such an urgent matter we are taking the extraordinary measure of directly contacting all of you.

We are asking that you publicly join America's physicians and the patients whose lives we are dedicated to serve, in

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telling Congress not to destroy America's physician run hospitals.

To help you understand just how significant this matter is to the lives of American citizens, we have attached a list of America's physician run hospitals for your review.

Thank you,

Source: Physician Hospitals of America

Below is the full text of the letter IHA and AHA sent.

Dear Presidential Candidates:

You recently received a misleading letter from a group of Iowa and South Dakota physicians that distorted the impact of physician-owned, limited-service hospitals on communities. As representatives of nearly 5,000 full-service community hospitals and 117 hospitals in Iowa, we believe these limited-service facilities pose an inherent conflict of interest for physicians involved and drive up health costs for everyone.

Physician-owned, limited-service hospitals (fewer than 200) typically offer the most profitable services to less acutely ill patients, and serve few uninsured or Medicaid patients. They have physician-owners who self-refer to the hospital. This enables physician-owners to pay themselves for referring patients to the facilities they own. In contrast, full-service community hospitals have deep roots in the community and provide a wide range of services and care for all patients who come to our emergency department doors.

The Dec. 6 letter from a group of physicians backed by the Physician Hospitals of America is full of misinformation and does a great disservice to the full-service community hospitals across the nation that care for patients 24 hours a day, seven days a week. Limited-service hospitals, if left unchecked, can threaten a community's health care safety net, which community hospitals anchor. IHA and AHA believe you deserve the facts on this important issue and have refuted myths being circulated by physician-owned, limited-service hospitals.

Myth #1: "Current congressional proposals would shutter physician-owned, limited-service hospitals."

Fact: Under current proposals being discussed, hospitals that had physician-ownership arrangements will be able to continue to have physicians self-refer and maintain their ownership interests, with certain disclosure requirements to patients.

Myth #2: "Physicians have little or no economic incentive to steer patients to one hospital over another."

Fact: Physicians with an ownership stake in specialty hospitals have considerable economic self-interest in the volume of referrals they generate. Physician-owners are paid their professional fee for the procedure, a share of the facility fee, and then again as the value of their investment increases as a direct result of the self-referral.

Myth #3: "Physician-owned, limited-service hospitals are just like the Mayo Clinic and Cleveland Clinic."

Fact: Physician-owned, limited-service hospitals are very different than the esteemed Mayo Clinic and Cleveland Clinic that are physician-run-not owned-non-profit, full service hospitals and do not embody the conflict of interest inherent in the "physician-owned" facilities.

Myth #4: "Limited-service hospitals provide higher quality care than full-service hospitals. Community hospitals aren't willing to share quality data."

Fact: There's no significant difference in care outcomes between the two types of hospitals, according to a peer-reviewed study in the New England Journal of Medicine. Researchers suggested that the limited service model does not yield better outcomes. The AHA and IHA support public reporting of quality measures for hospitals allowing for "apples" to "apples" comparison and work within the Hospital Quality Alliance to encourage additional quality reporting.

However, concerns with limited service hospitals' ability to handle emergencies and complications after surgery have become all too real. Recent deaths have occurred at limited-service hospitals due to physicians not being present "after hours." Limited-service hospitals were forced to call 9-1-1-and the full-service community hospital-in order for the patient to receive appropriate, life-saving health care treatment. The Medicare Payment Advisory Commission (MedPAC), which advises Congress on Medicare issues, has maintained that some transfers of patients raises concerns about the quality of care at limited-service hospitals.

Myth #5: "Specialty hospitals are more efficient and provide health care at a lower cost than do full-service community hospitals."

Fact: MedPAC actually found that specialty hospitals are less efficient than community hospitals and drive up utilization. Additionally, the federal government's Congressional Budget Office recently determined that prohibiting self-referral will result in significant savings-\$700 million over five years-to taxpayers and the Medicare program. At a time when the cost of health care is spiraling out of control, limited service hospitals contribute to increasing health care costs for Americans.

Myth #6: "Specialty hospitals serve a wide mix of patients, including those on Medicaid and the uninsured."

Fact: The independent, non-partisan Government Accountability Office (GAO) and MedPAC, on behalf of the federal government, separately found that specialty hospitals treat a much lower share of Medicaid patients than do community hospitals in the same area. And limited-service hospital patients tend to be less sick than patients with the same diagnoses at general community hospitals.

Myth #7: "Full-service community hospitals are opposed to competition from specialty hospitals."

Fact: Full-service community hospitals support free and fair competition, but the physician self-referral in which specialty hospitals engage provides an unfair advantage to physician-owned specialty hospitals by, in effect, enabling physician owners to pay themselves for referring patients to facilities they own. Instead of promoting fair competition, specialty hospitals actually stifle it.

The Iowa Hospital Association and the American Hospital Association represent a full spectrum of hospitals-large and small, rural and urban-committed to providing a range of services to the patients they serve. Full-service community hospitals exist to meet the health care needs of the communities they serve. While the physician-owners at Physician Hospitals of America derogatorily call the other hospitals in their community "big box" hospitals, Iowans know

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hospitals are much more than bricks and mortar. It's the people, resources and services inside the community hospital that matter. Community hospitals stand ready with to provide all services, from burn care and neonatal intensive care units to emergency departments. We're proud of what we do for our communities 365 days a year.

Big or small, more community hospitals are facing the issue of physician self-referral, which poses a significant threat to their continued viability and ability to provide access to critical services for their patients. We ask you to continue to support your full-service hospitals that patients and communities depend upon for a wide range of services.

Sincerely,

IowaHospital Association, AmericanHospital Association

Source: The AmericanHospital Association (AHA)

The American Medical Association (AMA) released it's own version of Specialty Hospital Myths vs. Facts. It reads as follows:

Specialty hospitals: Myths vs. facts

MYTH: Specialty hospitals harm general hospitals.

FACT: There is no evidence that specialty hospitals harm general hospitals.

The most recent Government Accounting Office (GAO), Medicare Payment Advisory Commission (MedPAC), and Centers for Medicare and Medicaid Services (CMS) reports confirm earlier findings that general hospitals are largely unaffected by competition from specialty hospitals, and specialty hospitals stimulate a competitive environment in many markets, which can have positive effects on quality of care. Specifically, the GAO report found that there was little evidence to suggest that general hospitals made substantially more or fewer operational or service changes, or different types of changes, if some of their competition came from a specialty hospital. Similarly, MedPAC's updated evaluation of specialty hospitals found that specialty hospitals do not have a statistically significant effect on the total revenue or total margins of community hospitals in their markets.

MYTH: Physicians who invest in specialty hospitals where they refer patients create a conflict with the best interests of their patients.

FACT: Physician investment in, and referral to, specialty hospitals does not conflict with the best interests of patients.

- MedPAC and CMS have found no evidence that physicians who have an ownership interest in a specialty hospital inappropriately refer patients to that hospital or have increased utilization.*

- Data shows that there is no difference in referral patterns between physician-investors and non-investors.*

- MedPAC found no evidence that overall utilization rates in communities with specialty hospitals rose more rapidly than utilization rates in other communities.*

- The majority of physicians who admit patients to specialty hospitals have no ownership interest and thus receive no financial incentives to refer patients to them. In fact, approximately 73 percent of physicians with admitting privileges at specialty hospitals are not investors.*

- A recent study published in the journal, Health Affairs, found that most physicians refer patients to specialty hospitals for reasons totally unrelated to profits.*

MYTH: Physicians who invest in specialty hospitals "channel" patients to these hospitals.

FACT: It is general hospitals, not specialty hospitals, that "channel" patients.

- General hospitals adopt policies that force hospital staff physicians to refer patients only to their facilities.*

- General hospitals purchase physician practices and direct the physicians to refer to the hospital.*

- General hospitals operate health plans with network referral requirements.*

When hospitals dictate where physicians may refer patients, the hospital takes medical decision-making away from physicians and patients. This limits patient choice and can conflict with the health care needs of the patient.

MYTH: Specialty hospitals exist because of a loophole in the Stark self-referral laws, known as the "whole hospital exception."

FACT: Specialty hospitals do not exist because of a so-called legal "loophole."

It is both legal and ethical for physicians to invest in a hospital and refer patients there if they treat patients at that hospital. The "whole hospital exception" to the Stark Laws permits physicians to invest in, and refer patients to a hospital if they treat the patients at the hospital and the referral is to the "hospital itself" and not merely a distinct part or department of the hospital, such as the laboratory. Specialty hospitals are entire hospitals, not subdivisions of hospitals. They provide a wide range of services for patients from "beginning-to-end" of a course of treatment, including specialty and sub-specialty physician services, and a full range of ancillary services. Many specialty hospitals also provide primary care services and have intensive care units and emergency departments.

MYTH: General hospitals offer a full range of services that communities depend on in times of need—such as trauma care and burn units.

FACT: Though a number of general hospitals do offer such services, the majority do not.

According to the American Burn Association, there are only 125 hospitals with specialized burn centers in the United States. In addition, as of October 2006, there were only 189 Level I trauma centers, the highest level trauma centers, and only 261 Level II trauma centers, secondary trauma centers that work in collaboration with and supplement Level I centers.

MYTH: Physicians who invest in specialty hospitals will not serve "on-call" in the general hospital's emergency

department.

FACT: Physician ownership of specialty hospitals is not the reason that hospitals are facing on-call coverage problems.

On-call coverage problems result from numerous issues such as medical liability concerns, shortages of certain specialty physicians, unequal payment rates for on-call services, and the generally increasing demands on medical staff. Some general hospitals have actually exacerbated on-call coverage problems by adopting policies that alienate physicians—such as forcing physicians off of the medical staff if they invest in a specialty hospital. In sum, problems that hospitals are experiencing with on-call services to their emergency departments began long before general hospitals became concerned about specialty hospitals.

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