AMERICAN SURGICAL
HOSPITAL ASSOCIATION

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From: Carlos Vasquez – ASHA Public Relations
Phone: (775) 852-9292x227
Email: carlos@artassociates.com

Increased Efficiency, Improved Quality of Care and Limited Financial Short Term Effects on Community Hospitals: Report on Specialty Hospitals Reveals Benefits to Patients, Local Communities

(Washington DC) -- Increased efficiency, improved quality of care and limited short term effects to communities are among the findings in a report issued today by John E. Schneider, Ph.D. of the Health Economics Consulting Group (HECG) titled: Economics and Policy Analysis of Specialty Hospitals.

The American Surgical Hospital Association (ASHA) commissioned HECG to report formally what the association had known for years. Ever since the 18 month moratorium was set in place ASHA has continually advocated for patients right to choose and that specialty hospitals are not a threat to general hospitals.

Today's report reinforces information about the specialty hospital industry previously reported by the following governmental agencies: the General Accounting Office (GAO), United States Department of Justice (DOJ), Centers for Medicare and Medicaid Services (CMS) and the Medicare Payment Advisory Commission (MedPAC).

Demand for services provided at specialty hospitals has been growing rapidly in the past decade according to the report. The factors contributing to this demand are new treatment processes and technologies and changes in consumer preferences.

"Trying to cease the growth of the specialty hospital industry has forced ASHA to work harder to survive, "said Jim Grant, ASHA president and COO of National Surgical Hospitals. "The information in the HECG report and the fact that it is substantiated by several governmental agencies including MedPAC and the GAO goes a long way in our efforts to eliminate the current moratorium on specialty hospitals."

Competition and innovation has worked for nearly every other industry in the United States and the health care industry should not be an exception. There is no evidence, other than anecdotal, to suggest general hospitals have been financially harmed by such competition. These findings are also in accordance to the findings released by the GAO in October 2003. The GAO study showed the average investment was less than two percent and 73% of physicians who worked in specialty hospitals did not have an equity interest in the facilities.

The issue of physician self-referral has been used many times by the specialty hospital industry's opponents. The study finds that direct financial incentive for physician self-referral associated with physician investment in specialty hospitals is unlikely to play a major role in a physician's use of a specialty hospital.

For more information on the report issued by HECG, contact Carlos Vasquez at 775-852-9292 ext. 227 or via email at carlos@artassociates.com.

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