



Physician self-referral ban is step toward health care reform

By Patriot-News Op-Ed

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Health care reform took a giant step forward last month when the American Hospital Association, Federation of American Hospitals and Catholic Health Association announced their support for a health care agreement with Senate Finance Committee Chairman Max Baucus, D-Mont., and the Obama administration.

Coverage for all is within reach as this agreement covers 95 percent of all Americans. Hospitals have made the largest good-faith effort — accepting \$155 billion in cuts from government programs through the next 10 years as part of the shared responsibility required by all stakeholders to help pay for health care reform.

These payment reductions are substantial, and they reflect the expectation that increased coverage will help lower the amount of uncompensated care shouldered by hospitals, but we believe this step brings the nation closer to the goal of health

reform — reform that provides access to all, lowers costs and that works for patients and families and the hospitals that are the backbone of health care in communities across America.

Another area where Congress and the administration intend to achieve savings is in banning self-referral to physician-owned hospitals. "Physician self-referral" describes the ability of physicians to refer patients to hospitals in which the physicians have an ownership interest. Several studies have shown that a ban on this practice can save taxpayers millions of dollars that can then be used to pay for health care reform. Pennsylvania is home to several physician-owned hospitals.

More will certainly come if we do not enact a ban on physician self-referral. Such self-referral is becoming more common nationwide as more physician-owned hospitals open each year. The expansion of these facilities is spurred by opportunities for physician-owners to earn additional income by referring patients to their hospitals for procedures.

The ability to self-refer creates conflict of interest, where a patient's clinical interest might be trumped by a physician-owner's financial incentive to prescribe treatment. Several studies show that physician self-referral can increase the overutilization of health care procedures, and in turn, increase health care costs and inefficiency.

This is why the Congressional Budget Office estimates that banning physician self-referral would mean fewer overall procedures, saving \$1 billion in Medicare costs over 10 years. More importantly, self-referral to physician-owned hospitals can drastically affect the ability of local full-service community hospitals to provide essential services.

Consider that physician-owned hospitals typically provide only the services that are the best-reimbursed, such as cardiac, orthopedic or general surgery.

Yet full-service community hospitals need to provide these well-reimbursed services so they have funds to maintain expensive, life-saving services such as trauma centers, burn units and mental health services — vital services generally not provided by physician-owned hospitals.

These better-reimbursed services and the revenues that they raise should stay with community hospitals that serve everyone instead of going into the pockets of physician-investors. Surely it is time to end this practice so we can cut costs and ensure Pennsylvania's community hospitals can care for everyone.

Physician-owned hospitals also raise safety concerns. There have been incidences at physician-owned hospitals where patients have died due to improper care and a gross lack of emergency preparedness.

As a study from the Department of Health and Human Services' Office of Inspector General found, most of these physician-owned facilities provide limited or no emergency services.

According to the OIG, two out of three physician-owned hospitals are ill-equipped to respond to medical emergencies that

happen in their hospitals and use 911 for emergency patient transfers to community hospitals.

Despite being physician-owned, fewer than three out of 10 have a physician on-site 24 hours a day, seven days a week. Although we are not sure of its final form, we can all agree that health care reform is finally on the horizon.

While we understand that a ban on physician self-referral will not solve our health care crisis, it is an important step in the right direction.

Banning physician self-referral will help reduce costs and ensure that community hospitals can provide the vital care we need.

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