



## PHYSICIAN-LED HOSPITALS SUPPORT PATIENT-CENTERED HEALTHCARE DELIVERY

- Physician-Led Healthcare for America (PHA) represents high quality, physician-led hospitals dedicated to a healthcare system focused on quality patient care, with physicians involved in every aspect of delivery
- Our member hospitals offer patients deep expertise and advanced care, addressing social determinants of health, conducting mental health evaluations, and offering telehealth and remote patient monitoring – we are finding that more patients want a choice of which hospital to use, and are increasingly turning to physician-led hospitals
- The COVID-19 pandemic demonstrated the need to enhance our public health infrastructure, including through physician-led hospital providers, to meet all facets of healthcare needs for Americans in crisis times
- With too many patients delaying care because of the pandemic, health care policies should encourage patients who have decided to seek care, and have chosen a physician-led hospital for their treatment
- Supporting physician-led hospitals also offers patients and communities a solution to combat the ills of consolidation in hospital markets and address rising costs while advancing high quality services



## PHA SALUTES PRESIDENT BIDEN'S EXECUTIVE ORDER ON COMPETITION'S FOCUS ON HOSPITAL CONSOLIDATION

- President Biden rightly called attention to the harms of hospital consolidation that has left many areas “with inadequate or more expensive healthcare options”
- Vertical and horizontal hospital mergers, including a rising tide of hospital purchases of physician practices, have greatly reduced health care competition in the U.S.
- The Physicians Advocacy Institute (PAI) released a study finding that hospitals and other corporate entities acquired 20,900 additional physician practices during 2019 and 2020, a 25% increase
- Experts have concluded that consolidation leads to higher prices and access challenges for patients, while failing to deliver the highest quality of care:
  - *MedPAC [found](#) that: hospital consolidation “permits hospitals to leverage higher prices from commercial payers;” “commercially insured patients appear to pay higher prices for care and higher prices for insurance in consolidated markets;” and hospital acquisition of physician practices “has caused an increase in Medicare spending and beneficiary cost sharing”*
  - *A January 2022 CBO [analysis](#) concluded that most of the studies it reviewed “suggest that consolidation increases prices in the markets for both hospitals and physicians, as does vertical integration among hospitals and physicians’ groups”*
  - *A Health Affairs article authored by experts, including physician members of the American Medical Association, American Academy of Orthopaedic Surgeons and American College of Cardiology, warned that consolidation leads to a “lack of quality benefits,” worse patient experiences, “physician burnout,” and “higher hospital prices”*
- Hospital-physician practice consolidation has led to contractually mandated self-referral and increased use of healthcare services by practitioners within the systems that purchase their practices:
  - *A Stanford University [study](#) found that “a hospital's ownership of a physician dramatically increases the probability that the physician's patients will choose the owning hospital,” and further, that “patients are more likely to choose a high-cost, low-quality hospital when their physician is owned by that hospital”*



## PHYSICIAN-LED HOSPITALS OFFER UNPARALLELED PRICE AND QUALITY TRANSPARENCY

- Recent information from the Centers for Medicare & Medicaid Services (CMS) and others suggests that a large number of hospitals and health systems are not complying with federal transparency requirements
- CMS warned in 2021 that it “takes seriously” consumer concerns that “hospitals are not making clear, accessible pricing information available online,” as required
- In contrast, PHA member hospitals have embraced hospital price transparency, and stand ready to work with CMS on a demonstration offering price and quality transparency, with guaranteed payment cuts if our hospitals do not meet defined goals for the demonstration



## PHYSICIAN-LED HOSPITALS ARE LEADERS IN QUALITY, VALUE-BASED CARE AND MEDICARE SAVINGS

- A 2021 [study](#) by researchers from Johns Hopkins, Georgetown and other universities found that physician-led hospitals offer high quality and lower or equivalent cost services versus other comparable hospitals:
    - *patients with a range of serious conditions experienced lower in-hospital mortality rates and/or 30-day mortality rates in specialty physician-led hospitals;*
    - *patients with orthopedic conditions experienced shorter stays and lower risk-adjusted complication rates in physician-led hospitals; and*
    - *general surgical physician-led hospitals demonstrated higher quality services compared to their competitors*
    - *A study published in the peer-reviewed BMJ medical trade journal by independent researchers and funded with internal resources from the Harvard School of Public Health showed that patients in physician-led hospitals are equally likely to use Medicaid, and had similar numbers of chronic diseases and predicted mortality as patients in other facilities*
  - Patients also give our hospitals consistently high marks for patient satisfaction
- Physician-led hospitals are strong proponents of value-based care and payment models, delivering proven benefits to Medicare and its beneficiaries:
- *For example, physician-led hospitals participated in one of the DRGs for the Center for Medicare & Medicaid Innovation’s joint replacement demonstration;*
  - *72% of participating physician-led hospitals produced savings – much more than the 52% of other hospitals achieving this goal; and*
  - *over 44% of participating physician-led hospitals received an “excellent” quality score – scoring higher than the 16.4% rate for other hospitals*
- PHA estimated Medicare would have saved \$5 million, based on physician-led hospitals in a single DRG, in just 5 regions, if all hospitals produced the same savings as physician-led facilities



## PHYSICIAN-LED HOSPITAL EXPANSION OFFERS A SOLUTION TO IMPROVE HEALTH CARE DELIVERY

- The ability of PHA member hospitals to improve quality and increase health care savings is limited by Section 6001 of the Affordable Care Act (ACA), which restricts expansion and new development of physician-led hospitals
- The limitation has not only deprived patients of care in our facilities, but also has been a boon for hospital systems to eliminate competition and gain a tight grip on large service regions and physician practices
- Consolidation and lack of competition have resulted in health care services and insurance premiums that are out of control, with diminishing accountability for care quality
- To address these challenges, PHA calls for legislation to permit immediate expansion of physician-led hospitals, to improve competition and offer new options for Medicare beneficiaries and other patients:
  - *Bipartisan legislation to meet this goal has been introduced in the House of Representatives – H.R. 1330, the Patient Access to Higher Quality Health Care Act of 2021*
- Expansion of physician-led hospitals would also help address a main challenge facing the public health infrastructure during the COVID-19 pandemic, as hospitals became overwhelmed during virus surges, leading to crisis standards of care, deployment of the National Guard, and other draconian steps to keep the health care system from collapsing in local communities
- Physician-led hospitals were given a limited waiver connected to the public health emergency, and responded by offering significant new services in their communities, including:
  - ✓ *Surge capacity*
  - ✓ *Staffing*
  - ✓ *Surgical and trauma services*
  - ✓ *Treatment for COVID-19 patients*

Allowing physician-led hospitals to expand would also take pressure off an overworked hospital workforce, easing burdens on frontline professionals and offering hope that providers would face unmanageable patient surges in the future

*The ability of physicians to lead, administer and deliver healthcare in hospitals is essential to advancement of quality, cost and patient choice and offers a much-needed injection of competition into the healthcare system. PHA urges Congress to allow expansion of physician-led hospitals to advance competition, increase high quality patient care and improve health care efficiencies.*



**Learn More:** Visit [www.physicianled.us/](http://www.physicianled.us/)

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