



FOR IMMEDIATE RELEASE

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Physician Hospitals of America Charges: Hospital Associations Bargain Away \$155 Billion in Medicare Funding in Attempt to Destroy Physician Hospitals

(Washington, D.C.) -- Today, the American Hospital Association, Federation of American Hospitals and Catholic Health Association announced an agreement with the White House and Senate Finance Chairman Max Baucus (D-MT) to reduce Medicare hospital spending by \$155 billion. Cost savings is an important goal, supported by Physician Hospitals of America (PHA), the national association representing physician owned hospitals. As always, physician hospitals will shoulder their share of cost controls and other responsibilities to see health reform become reality.

However, in a desperate move aimed at reducing competition, garnering control of the entire industry, and eliminating patient choice, these associations have bargained for the destruction of physician owned hospitals as a quid pro quo for the Medicare cost savings.

PHA Executive Director, Molly Sandvig states, "To put this anti-competitive issue into the deal between Administration, Congress and the hospital associations makes no sense and demonstrates the desperation of many hospitals to remove healthcare decisions from the hands of those who should have the biggest say, the physicians and patients. Ownership of a hospital by any party is simply not relevant to ensuring that every American has affordable access to medical care. Including the destruction of physician owned hospitals jeopardizes more than 70,000 American jobs. Given the state of our economy and the latest unemployment figures, we cannot understand why the Administration would agree to this part of the package."

WHAT'S AT STAKE

There are over 220 physician owned hospitals in 32 states. They are an important part of the healthcare system and serve rural and inner city areas, military personnel, and in many cases are an integral part of community hospitals. There are 18 general acute care facilities, 153 multispecialty facilities (children's, women's and multi-specialty surgical hospitals), 19 rehabilitation and long term care hospitals, 19 cardiac hospitals and 13 orthopedic hospitals. Over half are joint ventures with community hospitals and other third parties. On average, more than forty percent of their patients are Medicare beneficiaries. These facilities would wither and die under the deal supported by the Administration and Congress.

In addition, there are 104 new hospitals under development that would not be able to open and the more than \$5 billion that has been invested in these projects and more than 20,000 future jobs would be lost.

By the year 2010, physician hospitals will employ over 70,000 Americans. The national payroll currently exceeds \$2.4 billion and they spend over \$1.9 billion per year on trade payables. As for profit entities, they each pay on average \$2,575,000 a year in taxes. More than 27,000 physicians practice in these facilities and the vast majority of them have no investment interest in the hospital.

ONE ILLUSTRATION: THE IOWA-NEBRASKA BORDER

One case in particular, illustrates the problems with the policy to ban physician ownership.

Bellevue Hospital in Bellevue, Nebraska is scheduled to open next year. It will be the only hospital in town and is a joint venture between the University of Nebraska medical center and local physicians.

It will serve 180,000 people in Eastern Nebraska and Western Iowa. Most importantly, however, the hospital will serve the 10,000 men and women stationed at Offutt Air Force Base, 20,000 military dependents and 11,000 military retirees living in the immediate area. The base hospital closed in 2005. Under the hospital associations' proposal, Bellevue will never open and these military personnel will continue to be underserved.

Ms. Sandvig states, "It is time that the hospital associations give more than lip service to issues such as access, quality care, efficiency and patient choice. If the facts are truly considered, physician hospitals will be welcome, and the hospital associations' deal will be seen for what it really is, a ploy to reduce healthy competition in healthcare."

Physician Hospitals of America (PHA) represents 220 American hospitals owned and operated by physicians themselves. PHA is on the web at:

www.physicianhospitals.org

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