



August 8, 2023

The Honorable Michael C. Burgess  
2161 Rayburn House Office Building  
Washington, DC 20515

The Honorable James Lankford  
316 Hart Senate Office Building  
Washington, DC 20510

The Honorable Henry Cuellar  
2372 Rayburn House Office Building  
Washington, DC 20515

The Honorable Roger Marshall  
479A Russell Senate Office Building  
Washington, DC 20510

To Whom It May Concern,

The American Alliance of Orthopaedic Executives (AAOE) writes to applaud the reintroduction of the *Patient Access to Higher Quality Health Care Act (H.R.977/S.470)*, which removes the Affordable Care Act's (ACA) ban on the creation and expansion of new physician-owned hospitals (POHs) and allows POHs to participate in Medicare and Medicaid. This important legislation will ensure all patients have access to high quality health care.

AAOE represents over 1,300 members and 660 medical practices across the country whose mission is to promote quality health care practice management in the orthopedic and musculoskeletal industry. Physicians understand the importance of quality, efficient, and cost-effective patient care. That is why POH's play a vital role in the American health care system. Not only are POH's among the top facilities in the country, but a recent analysis also found POH's are saving Medicare \$3.2 billion over ten years as they are more cost effective than non-physician owned hospitals. In fact, commercial and cash prices for common services in physician-owned hospitals are about one-third lower than non-POH.

In fact, as a whole, physician-led hospitals outperform their counterparts. Of the hospitals with MSPB data, 51% of all hospitals had lower Medicare costs than the national median hospital in 2022 (the MSPB measure was lower than 1.0).<sup>1</sup> In comparison, 59% of physician-led hospitals have lower Medicare costs per beneficiary than the national median hospital.<sup>2</sup> The restriction on POH's penalizes physicians and patients by imposing burdensome restrictions on

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<sup>1</sup> American Hospital Directory. Hospital Statistics by State; CMS. Medicare Spending Per Beneficiary.

<sup>2</sup> American Hospital Directory; CMS. Medicare Spending Per Beneficiary.



doctors who are trying to innovate and improve patient care. Indeed, physician-led hospitals outperform their counterparts overall. The most recent CMS HCAHPS data shows that physician-led hospitals had an average patient experience rating of 3.9, compared to 3.2 for all hospitals. Moreover, 41% of physician-led hospitals received the highest rating in this category compared to only 6% of hospitals overall.<sup>3</sup>

The ACA's prohibitions on POHs are anticompetitive in the face of the evolving hospital landscape and stand in the way of the efficiencies and collaboration that POH's can bring to health care. POHs provide some of the highest quality care in the country and help meet a growing demand for health care services, especially in rural areas. The current prohibition penalizes patients who deserve the right to receive care at the hospital of their choice. In addition, POH's provide significant economic benefits to their communities and contribute to a stronger, more competitive health care system that can assist in stemming the tide of consolidation in the current markets. AAOE strongly supports the *Patient Access to Higher Quality Health Care Act of 2023 (HR977/S470)* and urges Congress toward swift passage. AAOE stands ready to provide support for this legislation and provide guidance on its implementation.

Sincerely,

A handwritten signature in cursive script that reads 'meganohara'.

Megan A O'Hara  
Practice Manager, Robert V Moriarty MD PC  
2023 – 2024 President, American Alliance of Orthopaedic Executives

CC:

The Honorable Charles Schumer, Majority Leader, United States Senate  
The Honorable Mitch McConnell, Minority Leader, United States Senate  
The Honorable Kevin McCarthy, Speaker, United States House of Representatives  
The Honorable Hakeem Jeffries, Minority Leader, United States House of Representatives  
The Honorable Ron Wyden, Chair, Senate Committee on Finance  
The Honorable Mike Crapo, Ranking Member, Senate Committee on Finance

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<sup>3</sup> CMS. 2022. Hospital Consumer Assessment of Healthcare Providers & Systems (HCAHPS) Survey. July.



The Honorable Bernie Sanders, Chair, Senate HELP Committee

The Honorable Bill Cassidy, Ranking Member, Senate HELP Committee

The Honorable Cathy McMorris Rodgers, Chair, House Committee on Energy and Commerce

The Honorable Frank Pallone, Ranking Member, House Committee on Energy and Commerce

The Honorable Jason Smith, Chair, House Committee on Ways and Means

The Honorable Richie Neal, Ranking Member, House Committee on Ways and Means