



Charlene MacDonald
Executive Vice President, Public Affairs

May 1, 2025

The Honorable Victoria Spartz
U.S. House of Representatives
1609 Longworth House Office
Washington, DC 20510

Dear Representative Spartz:

On behalf of the more than 1,000 leading tax-paying hospitals and health systems we represent throughout the United States, the Federation of American Hospitals (FAH) writes to express our opposition to H.R. 3022, the *Restoring Rights of Physicians to Own Hospitals Act*. This legislation exposes communities, patients, and providers to the well-documented conflict of interest associated with physician self-referral that led Congress to ban new physician-owned hospitals (POHs) in the first place.

FAH members provide patients and communities with access to high-quality, affordable care in both urban and rural areas across 46 states, plus Washington, DC, and Puerto Rico. Our members include teaching, acute, inpatient rehabilitation, behavioral health, and long-term care hospitals and provide a wide range of inpatient, ambulatory, post-acute, emergency, children's, and cancer services.

Allowing for the expansion of existing POHs and enabling self-referral under physician ownership of hospitals opens communities up to well-documented issues, including cherry-picking to avoid the uninsured, those on Medicaid, and medically complex patients. A 2023 study from the health economics consulting firm Dobson | Davanzo found that "compared to non-POHs, POHs generally treat a population that is younger, less complex or comorbid, and less likely to be dually eligible or non-white, and that POHs have higher margins and lower unreimbursed and uncompensated care costs as a percent of net patient revenue compared to non-POHs."

The empirical record is clear that conflicts of interest are inherent in these arrangements, whereby physicians refer their patients to hospitals in which they have an ownership interest. Congressional Budget Office scoring of proposals to modify existing law consistently demonstrates that self-referral to physician-owned hospitals increases utilization, which in turn increases Medicare costs and overall health care costs. Further, allowing physician self-referral through ownership of hospitals would threaten the viability of full-service hospitals, especially in rural communities, increasing the risk of service line eliminations and rural hospital closures.

Given these issues, it is imperative that we maintain the current law, which protects communities from expansion of POHs and self-referral practices. Patients in rural communities deserve



high-quality, accessible, and low-cost care: the data shows that POHs go against these principles.
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We would welcome the opportunity to work with you on this important matter. If you have any questions or wish to speak further, please do not hesitate to reach out to me at cmacdonald@fah.org.

Sincerely,

A handwritten signature in blue ink, appearing to read "Ch Mac".

¹ <https://www.cbo.gov/sites/default/files/111th-congress-2009-2010/costestimate/amendreconprop.pdf>

² https://www.medpac.gov/wp-content/uploads/import_data/scrape_files/docs/default-source/reports/Mar05_SpecHospitals.pdf

³ <https://public-inspection.federalregister.gov/2023-16252.pdf>