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**Congress of the United States**  
**House of Representatives**

May 5, 2008

**Preserve Patient Choice with Specialty  
Hospitals**

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Dear Colleague:

This week the American Hospital Association will be visiting the Hill to discuss the issue of physician ownership in hospitals. We wanted to take this opportunity to give you some facts about physician-owned hospitals and how important the patient care they provide is to our healthcare system.

America's healthcare system has continually led the world in innovation. This innovation has given patients unprecedented access to specialized care in all different fields of medicine. Both physician-owned facilities and specialty hospitals provide many choices beyond just the large community hospital. This increase in choice allows competition and free market principles to enter into our health care delivery system, giving patients more participation in their health care decision.


Physician-owned facilities have often been shown to run more efficiently and have higher-quality outcomes than their community hospital counterparts. They have higher rates of patient satisfaction and lower mortality rates.

Texas, one of the many states to take advantage of both physician ownership and physician partnership has seen exceptional results in patient care. There are inpatient rehabilitation hospitals, long term acute care hospitals, general care hospitals, and non-profit hospitals that are nationally recognized as the best in the industry—each and every one of them has physician investment. Patients across Texas have greatly benefited from the safety, quality, and innovation that physician owned hospitals bring.

We have attached an article from *Modern Healthcare* that provides more examples of how Texas has made this doctor-hospital-patient relationship succeed. We encourage you to look at all the facts during this debate and make sure Congress continues to provide Americans a choice when it comes to their health care.

Sincerely,

  
Pete Sessions  
Member of Congress

  
Sam Johnson  
Member of Congress

  
Michael Burgess  
Member of Congress

# Texas makes it work

*Major systems successfully partner with doctor-owned hospitals to benefit of all*

**T**his town ain't big enough for the both of us."

Sounds like an old John Wayne Western, but often this is the relationship between large general hospitals and physician-owned, short-stay hospitals. A recent article in *Forbes*, "Stop that patient," points out the lengths to which some general hospitals will go to prevent competition in the healthcare marketplace. But this is not always the case deep in the heart of Texas.

Texas is home to more physician-owned short-stay hospitals than any other state in the nation. Rather than resist them, some prominent hospital systems, such as Texas Health Resources, Arlington, and Baylor Health Care System, Dallas, have chosen to embrace them. Between them, these two major faith-based hospital systems have partnered with physicians to develop 14 such hospitals in the Dallas-Fort Worth area. The jointly owned hospitals consistently earn high ratings in patient- and physician-satisfaction scores. One is even rated by Health-Grades as one of the top 10 cardiovascular hospitals in the nation.

Texas Health Resources has been a pioneer in developing collaborative models for hospitals and physicians to jointly develop facilities that provide expanded access to quality care for our patients and meet the needs of independent physicians. Texas Health Resources' revenue from the investor-owned organizations is invested back into the not-for-profit hospitals to support their community-focused mission.

One such hospital is the Texas Institute for Surgery at Presbyterian Hospital of Dallas. It has nine operating rooms, nine inpatient beds and a pain-management center. It performs about 1,000 procedures a month. It is a 50-50 partnership between the hospital and physician-investors, but has both investors and noninvestors on the active medical staff.

Satisfaction scores among patients run at 98% "excellent" or "good" while post-operative infection rates are one-twentieth the national-average for general hospitals, at around one patient in 1,000. This low infection rate is particularly relevant, in a country where the federal Centers for Disease Control and Prevention has concluded a patient dies every six minutes (10 per hour, every hour, every day) from hospital-acquired infections. All of Texas Health Resources'



## Texas has found a way for hospitals and physicians to collaborate, while raising the bar on safety and quality.

facilities that involve physician-investors have physicians on-site 24-7 to provide emergency care. And like other small hospitals, they have transfer arrangements in place with nearby larger acute-care hospitals to handle the most serious cases.

Unfortunately, some members of Congress are trying to prevent Texas hospitals, as well as those in all other states, from partnering with physicians to develop some of the best and safest hospitals in our country, merely because the hospital will be owned in whole, or in part, by physicians. The argument is that physicians will perform unnecessary procedures simply because they have an ownership interest in the facility.

This ignores the fact that no investigation—by the Medicare Payment Advisory Commission, HHS or other federal agency—has found that physicians are billing Medicare for services provided in physician-owned hospitals that are not medically necessary. What these critics fail to point out is that increased choices for patients in the community have led most hospitals to upgrade their technology and services to better meet patient needs and desires.

If Congress succeeds in removing physician-owned hospitals from participation in

the Medicare program, Medicare's elderly, low-income families, including children covered by Medicaid and federal employees and their families, will be forbidden from accessing some of the best and safest hospitals in the country. This is in stark conflict with the goal of health policymakers in both parties and presidential candidates who want to expand access, not reduce it.

Physicians have driven innovation in America's healthcare system starting with the very first hospitals built and funded by physicians, such as the Mayo brothers. Over time, nearly every industry has recognized the benefits of specialization, and medicine is no different. Cancer treatment clinics, centers for women's health and children's hospitals are commonplace. From this initiative have evolved short-stay hospitals specializing in cardiovascular care, orthopedics and other specialized services.

Texas has found a way for hospitals and physicians to collaborate, while still raising the bar on safety, quality and satisfaction in our hospital systems. Perhaps critics should look to Texas to see how to handle the physician-owned hospital situation rather than throwing the baby out with the bathwater. Add this to the tremendously successful medical liability reform passed five years ago by the Texas Legislature, and Texas becomes an even more attractive place for physicians to settle. It could be that more doctors will soon subscribe to the famous words of Tennessee native and Texas hero Davy Crockett: "You may all go to hell and I will go to Texas." <<



John Gill (left) is an orthopedic surgeon in private practice in Dallas and a physician-investor in the Texas Institute for Surgery at Presbyterian Hospital of Dallas.

Douglas Hawthorne is the chief executive officer of Texas Health Resources.