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Dear Representative,

The Physician Hospitals of America urges you to support H.R. 3630, “The Middle Class Tax Relief & Job Creation Act.” This legislation includes important language that will provide much-needed relief for physician-owned hospitals.

There are approximately 275 physician-owned hospitals across 33 states. These hospitals provide consumer choice, innovation, as well as high-quality care and are highly regarded by patients. Despite the fact that these are some of the very best hospitals in the country, the Patient Protection and Affordable Care Act (PPACA) unilaterally banned any new hospitals owned by or in partnership with physicians from seeing Medicare and Medicaid patients. While existing physician-owned hospitals were grandfathered under the law, these hospitals have been largely prohibited from adding any new beds or operating rooms if needed. The law also prevented a limited number of hospitals with physician ownership, which were still under construction, from receiving their license to treat Medicare and Medicaid patients.

With renewed concerns over whether existing hospital capacity is sufficient to handle population growth, the aging population (who constitute the vast majority of hospital users), immigration, the additional insured resulting from PPACA, and revised public health preparedness goals, Congress appropriately recognized that physician-owned hospitals need some relief to help meet this growing demand.

“The Middle Class Tax Relief & Job Creation Act” provides this relief in two important ways. First, it allows those few remaining hospitals that had physician ownership or investment on December 31, 2010, and either had a provider agreement or were under construction, to move forward as planned with investment by physicians.

Secondly, the House bill also simplifies the process for physician-owned hospitals that were grandfathered under the law to apply for expansion in order to meet growing demand in their community. Unfortunately, PPACA as written included so many onerous requirements on expansion that only a very small handful of physician-owned hospitals could apply for added beds and/or operating rooms. This legislation would simplify the process by limiting the requirements necessary to apply for expansion. Specifically, the Act requires that an existing physician-owned hospital not discriminate against beneficiaries of Federal health care programs and cannot permit physicians practicing at the hospital to discriminate against such beneficiaries. In other words, if a physician-owned hospital needs to expand they must accept Medicare and Medicaid patients.

While we are disappointed that Congress did not repeal the ban on physician-owned hospitals, we believe the compromise in the House bill is an important step forward to ensuring increased access to care for Medicare and Medicaid patients. The Physician Hospitals of America urges your strong support for “The Middle Class Tax Relief & Job Creation Act” to ensure all patients have continued access to high quality hospitals throughout the country.

Sincerely,

A handwritten signature in black ink, appearing to read "John Richardson", with a long horizontal stroke extending to the right.

John Richardson  
Executive Director