Whereas, The current healthcare marketplace has empowered hospital consolidation; and 
Whereas, Hospitals that dominate the marketplace have excluded private practice physicians 
being granted staff hospital privileges and practicing in “Not for Profit” institutions; and 
Whereas, This is a violation of the IRS “Community Benefit Standard” - Rev. Rul. 56-185, 1956-
1 C.B. 202, modified Rev. Rul. 69-545, 1969-2 C.B.117; and 
Whereas, The ruling states: In order for a hospital to establish that it is exempt as a public 
charitable organization within the contemplation of section 501(c)(3), it must, among other 
things, show that it meets the following general requirements: #3: It must not restrict the use of 
its facilities to a particular group of physicians and surgeons, such as a medical partnership or 
association, to the exclusion of all other qualified doctors; and 
Whereas, Consolidation of Network Healthcare systems has impacted small groups and solo 
private practices; and 
Whereas, Insurance carriers collaborate with hospitals and network systems to narrow 
healthcare networks and select products that exclude private practice participation and hospital 
physician domination of the marketplace; and 
Whereas, Healthcare facility monopolies have driven up the cost of healthcare; and 
Whereas, Consolidation of healthcare facilities raises costs, decreases and limits patient access 
to healthcare; and 
Whereas, Patients of private practice physicians who request their current physicians in hospital 
settings are redirected to employed healthcare system physicians. Private practice physicians 
are not contacted even when a patient requests “their own” doctor; and 
Whereas, The above factors limit a physician’s ability to care for their patients and sever the 
patient/physician relationship; therefore be it
RESOLVED, That our American Medical Association lobby federal legislators, the Internal Revenue Service, and/or other appropriate federal officials to investigate and review whether non-profit hospitals and other applicable health systems are meeting the provisions of the Internal Revenue Code relating to their tax-exempt status when they restrict or otherwise limit medical staff privileges or maintain closed medical staffs, and take appropriate action to ensure that non-profit hospitals and other applicable health systems continue to meet charitable purposes as required under applicable sections of the Internal Revenue Code. (Directive to Take Action)

Fiscal Note: Not yet determined

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