

AMERICAN MEDICAL ASSOCIATION PRIVATE PRACTICE PHYSICIAN SECTION

Resolution: 6
(A-23)

Introduced by: Dan Choi, MD

Subject: Studying the Impact of Stark Law Restrictions on Physician-Owned Hospitals and Market Consolidation

Referred to: PPPS Reference Committee
(, MD, Chair)

1 WHEREAS, Stark Law and subsequent legislation restricting the growth of physician-owned
2 hospitals have led to reduced patient choice and competition as well as higher healthcare costs
3 without significant improvements in quality or access to care¹; and
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5 WHEREAS, Physician-owned hospitals have been a critical part of the healthcare system in the
6 United States, demonstrating outcomes on par with—if not better than—traditional hospitals in
7 addition to lower costs and higher patient satisfaction compared to traditional hospitals²; and
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9 WHEREAS, Physician-owned enterprises have been shown to be more adept at improving
10 quality without worsening provider burnout³; and
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12 WHEREAS, Our American Medical Association has a responsibility to investigate issues that
13 impact physicians and their patients; therefore be it
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15 RESOLVED, That our American Medical Association conduct a comprehensive study into the
16 impact of Stark Law on physician-owned hospitals and market-wide consolidation, including the
17 following:
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- 19 1. Analyzing the impact that restrictions on physician-owned hospitals enacted by Stark
20 Law have had on patient access to care, in terms of both cost and quality;
- 21 2. Examining the impact of Stark Law on physician practices, especially those that are
22 integrated or affiliated with physician-owned hospitals;
- 23 3. Understanding the extent to which Stark Law has driven market consolidation and, in
24 doing so, impacted healthcare costs, quality, and patient access to care;
- 25 4. Proposing alternative approaches to Stark Law, if not an outright repeal, that would
26 promote competition and improve patient access to high-quality care (Directive to Take
27 Action); and be it further
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29 RESOLVED, That our American Medical Association report the findings of this study to the
30 House of Delegates by Annual 2024 (Directive to Take Action); and be it further
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32 RESOLVED, That our American Medical Association report the findings of this study to its
33 members and stakeholders, including policymakers and legislators, to inform future healthcare
34 policy (Directive to Take Action).

Fiscal Note: TBD

Received: 4/30/2023

References:

1. Mandelberg, M, Smith, M, Ehrenfeld, JM, and Miller, B. *Hospital Competition and Restrictions on Physician-Owned Hospitals* (February 5, 2023). Available at <http://dx.doi.org/10.2139/ssrn.4350105>
2. Cho, T, Meshnick, A, Ehrenfeld, JM, and Miller, B. *Cost and Quality of Care in Physician-Owned Hospitals: A Systematic Review* (September 2021). Mercatus Special Study. Available at <https://www.mercatus.org/research/research-papers/cost-and-quality-care-physician-owned-hospitals-systematic-review>
3. Rotenstein LS, Cohen DJ, Marino M, Bates DW, Edwards ST. Association of Clinician Practice Ownership With Ability of Primary Care Practices to Improve Quality Without Increasing Burnout. *JAMA Health Forum*.2023;4(3):e230299. doi:10.1001/jamahealthforum.2023.0299

RELEVANT AMA POLICY

Stark Law and Physician Compensation H-385.914

Our AMA opposes and continues to advocate against the misuse of the Stark Law and regulations to cap or control physician compensation.

Citation: BOT Rep. 6, I-15

Hospital Consolidation H-215.960

Our AMA: (1) affirms that: (a) health care entity mergers should be examined individually, taking into account case-specific variables of market power and patient needs; (b) the AMA strongly supports and encourages competition in all health care markets; (c) the AMA supports rigorous review and scrutiny of proposed mergers to determine their effects on patients and providers; and (d) antitrust relief for physicians remains a top AMA priority; (2) will continue to support actions that promote competition and choice, including: (a) eliminating state certificate of need laws; (b) repealing the ban on physician-owned hospitals; (c) reducing administrative burdens that make it difficult for physician practices to compete; and (d) achieving meaningful price transparency; and (3) will work with interested state medical associations to monitor hospital markets, including rural, state, and regional markets, and review the impact of horizontal and vertical health system integration on patients, physicians and hospital prices.

Citation: CMS Rep. 7, A-19; Reaffirmed: I-22

Health System Consolidation D-215.984

Our AMA will: (1) study nationwide health system and hospital consolidation in order to assist policymakers and the federal government in assessing healthcare consolidation for the benefit of patients and physicians who face an existential threat from healthcare consolidation; and (2) regularly review and report back on these issues to keep the House of Delegates apprised on relevant changes that may impact the practice of medicine, with the first report no later than the 2023 Annual Meeting.

Citation: Res. 702, A-22