



MAY 5 2006

The Honorable Charles E. Grassley  
Chairman, Committee on Finance  
United States Senate  
Washington, DC 20510

Dear Mr. Chairman:

I am writing in response to your March 6, 2006, letter requesting that my office conduct an evaluation of patient safety and quality of care provided to patients at physician-owned specialty hospitals across the country. I understand that your concern with these hospitals stems from an incident at a specialty hospital in which doctors could not be located to provide emergency care to a patient who went into cardiac arrest. This patient died shortly after being transferred to another hospital. As you state, this incident raises concerns about quality of care and patient safety. It also raises questions about how this hospital was allowed to open during the 18-month moratorium on construction of new physician-owned specialty hospitals, which we understand you have asked the Centers for Medicare & Medicaid (CMS) to answer.

In response to your request to my office, we plan to conduct an evaluation that will address your concerns about quality of care, patient safety, and the oversight of these hospitals. We plan to focus on the following issues:

- (1) What policies and procedures, if any, do physician-owned specialty hospitals have in place to handle emergencies they cannot treat?
- (2) How many physician-owned specialty hospitals have policies that do not require a physician to be on duty or on call when patients are present?
- (3) How, if at all, do physician-owned specialty hospitals inform patients of these policies and procedures?
- (4) Have there been other situations in which the limited services at a specialty hospital resulted in poor patient outcomes?
- (5) What oversight does CMS provide of physician-owned specialty hospitals?
- (6) What other oversight exists of physician-owned specialty hospitals?

Page 2 - The Honorable Charles E. Grassley

I will also provide this response to the Honorable Max Baucus. If you would like to discuss this matter, please contact me, or have your staff call Judy Holtz, Acting Director of External Affairs, at (202) 619-0260.

Sincerely,

A handwritten signature in black ink that reads "Daniel R. Levinson". The signature is written in a cursive style with a large initial 'D' and a long, sweeping tail.

Daniel R. Levinson  
Inspector General



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The Honorable Max Baucus  
Ranking Member, Committee on Finance  
United States Senate  
Washington, DC 20510

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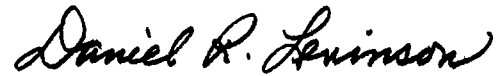
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Daniel R. Levinson  
Inspector General