

Congress of the United States  
Washington, DC 20515

SPECIALTY HOSPITALS:  
OFFERING CONSUMERS QUALITY CHOICES

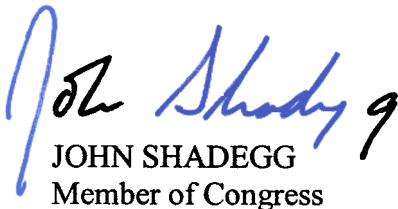
January 27, 2005

Dear Colleague,

On Monday, *The Washington Times* published an editorial pointing out the many benefits of specialty hospitals. It described how specialty hospitals spur “greater choice in health services,” offering high quality care to patients throughout the country and in various income brackets. It also appropriately appeals for an end to the misguided moratorium on specialty hospitals, calling for Congress to “make sure choice and competitiveness in health care trump special interests.”

For more information on the facts surrounding physician-ownership of specialty hospitals, please contact Kim Herb with Congressman Shadegg at x5-3361 or Nikki Miller with Congressman Johnson at x5-4201. Thank you for your time and consideration.

Sincerely,

  
JOHN SHADEGG  
Member of Congress

  
SAM JOHNSON  
Member of Congress

# The Washington Times

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## Bolstering specialty hospitals

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When President Bush touted the virtues of health-care choice during last October's presidential debate in Tempe, Ariz., he might not have known he was a few miles from a "specialty hospital," a type of hospital we think could do wonders by spurring greater choice in health services, if only the federal government would let them. It won't be able to do that if it follows this month's advice from the Medicare Payment Advisory Commission (MedPAC), which called on Congress to extend a ban on new specialty hospitals through 2006.

Specialty hospitals are private, mostly for-profit and often physician-owned hospitals that focus on women's and children's health, cardiac care, orthopedics or some other specialty. There are approximately 100 nationwide and their numbers have grown rapidly in recent years. They typically report lower post-surgery infection rates than general hospitals and boast cost-efficiencies by virtue of specialization. The public image of such hospitals is of expensive facilities for high-net-worth patients. But the reality is increasingly otherwise.

Specialty hospitals tend to spring up in high-population-growth areas, particularly the Sun Belt and the South and places with favorable regulatory environments, a 2003 General Accounting Office study found. In other words, they're in places well beyond Orange County or Palm Beach and are coming within reach of middle- and lower-income Americans. They treat a higher percentage of cardiac patients on Medicare than general hospitals, the same study found, and almost as many in orthopedics. For Medicaid patients, too, the doors are open: Specialty hospitals are only slightly behind for orthopedics and women's care.

Specialty hospitals' critics claim they siphon off the most profitable patients and avoid costly things like emergency rooms, both of which are said to harm care in general hospitals. But MedPAC itself found recently that general hospitals typically recover from the losses by cutting costs and increasing competitiveness after new players come to town.

Some want to outlaw specialty hospitals altogether. They already succeeded in getting an 18-month moratorium on new specialty hospitals into the 2003 Medicare bill, courtesy of Sen. John Breaux, who has since retired, and are hoping to score further victories this spring. As one indication of the stakes, the American Hospital Association reportedly outspent its specialty-hospital counterpart 100 to 1 to get that provision included.

In the new Congress, the Republican leadership should make sure choice and competitiveness in health care trump special interests like the AHA's. At this early stage there is not legislation on the floor to accomplish that. We hope to see a law that keeps specialty hospitals going and ignores MedPAC's advice.