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MEMORANDUM

TO: Reporters and Editors
FR: Jill Kozeny, 202/224-1308
for Senator Grassley
RE: March 7, 2007 JAMA article
regarding physician-owned specialty hospitals
DA: March 8, 2007

Sen. Chuck Grassley issued the comment below about the analysis of specialty cardiac hospitals presented by Brahmajee K. Nallamothu, MD, MPH and others in the March 7, 2007 issue of the Journal of the American Medical Association.

Grassley comment:

“The fact that there are significantly higher increases of cardiac procedures in areas with specialty cardiac hospitals is of great concern if it’s the result of doctors encouraging procedures for financial gain instead of clinical need. In this scenario, patients endure unnecessary and potentially harmful surgery, government health care programs cost more, taxpayers are further burdened, and health care costs increase overall. I intend to continue my work to stem the growth of physician-owned specialty hospitals for their negative effect on the health care system we all rely on.”

Grassley record on issue:

In 2003, a moratorium on Medicare payments to new physician-owned specialty hospitals was included in the the Medicare Prescription Drug, Improvement and Modernization Act, for which Sen. Grassley was the principal Senate author. When this statutory moratorium expired in June 2005, he urged the Centers for Medicare and Medicaid Services to suspend enrollment of new facilities. In the Deficit Reduction Act of 2005, for which Sen. Grassley was the primary sponsor of the Senate provisions affecting Medicare, Congress prohibited the Centers for Medicare and Medicaid Services from approving new specialty hospitals until August 2006, when Medicare officials delivered a plan for addressing the issue. As Chairman of the Senate Finance Committee from 2003-2006, Sen. Grassley convened two hearings on specialty hospitals and highlighted a report about the problems caused by specialty hospitals from the Medicare Payment Advisory Commission. In 2005, Sen. Grassley introduced the Hospital Fair Competition Act with Sen. Max Baucus. This bill would have prohibited physicians from

referring Medicare and Medicaid patients to new specialty hospitals in which they have an ownership interest.