



Charlene MacDonald  
Executive Vice President, Public Affairs

July 17, 2025

The Honorable Beth Van Duyne  
U.S. House of Representatives  
1725 Longworth House Office Building  
Washington, DC 20515

The Honorable Henry Cuellar  
U.S. House of Representatives  
2308 Rayburn House Office Building  
Washington, DC 20515

Dear Representatives Van Duyne and Cuellar,

On behalf of the more than 1,000 leading tax-paying hospitals and health systems we represent throughout the United States, the Federation of American Hospitals (FAH) writes to oppose H.R.4002, *the Patient Access to Higher Quality Health Care Act of 2025*. This legislation would lift the ban on self-referral to physician-owned hospitals and expose communities, patients, and healthcare providers to the well-established conflicts of interest linked to such ownership arrangements. We urge Congress to maintain current law limiting physician self-referral to protect patient access to full-service community hospitals.

FAH members provide patients and communities with access to high-quality, affordable care in both urban and rural areas across 46 states, plus Washington, DC, and Puerto Rico. Our members include teaching, acute, inpatient rehabilitation, behavioral health, and long-term care hospitals, and provide a wide range of inpatient, ambulatory, post-acute, emergency, children's, and cancer services.

Allowing for the expansion of existing physician owned hospitals (POHs) and enabling self-referral under physician ownership of hospitals opens communities up to thoroughly documented problems, including cherry-picking to avoid the uninsured, those on Medicaid, and medically complex patients. A 2023 study from the health economics consulting firm Dobson Davanzo found that "compared to non-POHs, POHs generally treat a population that is younger, less complex or comorbid, and less likely to be dually eligible or non-white, and that POHs have higher margins and lower unreimbursed and uncompensated care costs as a percent of net patient revenue compared to non-POHs."<sup>1</sup>

The empirical record is clear that conflicts of interest are inherent in these arrangements, whereby physicians refer their patients to hospitals in which they have an ownership interest. Congressional Budget Office scoring of proposals to modify existing law consistently demonstrates that self-referral to physician-owned hospitals increases utilization, which in turn increases Medicare costs and overall health care costs<sup>2</sup>. Further, allowing physician self-referral

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<sup>1</sup> Dobson DaVanzo, [Analysis of Selected Medicare Quality Measure Reporting Data by Hospital Ownership](#)

<sup>2</sup> [CBO Estimated Budgetary Impact of the Legislation H.R. 3590](#)

through ownership of hospitals would threaten the viability of full-service hospitals, especially in rural communities, increasing the risk of service line eliminations and rural hospital closures.

Given these concerns, the FAH opposes H.R. 4002, as we believe it is essential to uphold the current law that restricts the expansion of physician-owned hospitals and limits self-referral practices. Patients in rural communities deserve high-quality, accessible, and low-cost care: the data shows that POHs would undermine these principles.

We would welcome the opportunity to work with you on this important matter. If you have any questions or wish to speak further, please do not hesitate to reach out to me at [cmacdonald@fah.org](mailto:cmacdonald@fah.org).

Sincerely,

A handwritten signature in blue ink, appearing to read "Chris MacDonald", is centered below the text "Sincerely,".