



U.S. SENATE COMMITTEE ON

Finance

SENATOR CHUCK GRASSLEY, OF IOWA - CHAIRMAN

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Closing Statement of Sen. Chuck Grassley, Chairman
Hearing, Physician-Owned Specialty Hospitals: Profits before Patients?
Wednesday, May 17, 2006

Again, I thank all of the witnesses for taking time out of your busy schedules to come and help us here today — especially Reverend Wilson for making the trip from Oregon to come tell his mother’s tragic story. I believe I speak for the entire Committee expressing our gratitude for your testimony and our condolences to you on the loss of your mother.

We’ve covered a very complex topic and you’ve all done an admirable job of making the topic understandable. Once again I think it is important, first and foremost, to strengthen oversight of all hospitals to ensure that no patient is provided care that fails to meet basic standards for quality and safety. Secondly, I think it is clear from today’s testimony that something other than just another report needs to be done on this issue.

As I pointed out at the beginning of this hearing, I want to propose solutions and not merely just expose problems. That said, I have asked the Office of the Inspector General for the Department of Health and Human Services to review patient safety and quality of care at specialty hospitals. Further, I have asked the Government Accountability Office (GAO) to review financial arrangements to ensure that these complex business deals are not providing sweetheart deals in exchange for patient referrals.

The Committee also anxiously awaits the final “strategic and implementing plan” from CMS, and we trust CMS to provide some real reforms in the final version. As we have heard, payment reforms are only part of a solution. Clear disclosure to patients about the investment interests physicians have in specialty hospitals will provide much-needed transparency and peace of mind for patients. CMS also needs enact regulations preventing “sweetheart” deals from being a key financial arrangement for these facilities. Physician investments that could lead to a conflict of interest need to be disclosed just like conflicts of interest for lawyers and accountants. Further, these investments should be “bona fide” to ensure they are not just a cash payout in disguise.

Physician disclosures should not be limited to finances. Informed consent for patients should include information regarding the quality of care that patients will receive, including information about physicians on hand during and after surgery.

It is time for CMS to make a serious commitment to oversight of specialty hospitals, and more generally, the Stark law as a whole. This oversight should include providing clear, universal guidance in the form of regulations. These regulations should address the disclosure of investment interest, penalties under 18 U.S.C. § 1001 for failing to disclose, and implementing systems and controls to ensure that abusive practices and fraudulent activities are quickly detected and prosecuted.

