Doctor-Owned Hospitals Prosper Under Health Law

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Doctor-owned hospitals are earning many of the largest bonuses from the federal health law's new quality programs, even as the law halts their growth.

The hospitals, many of which specialize in heart or orthopedic surgeries, have long drawn the ire of federal lawmakers and competitors. They say physicians often direct the best-insured and more lucrative cases to their own facilities, while leaving the most severely ill patients to others.

Some researchers say the doctors' financial interests encourage them to perform more tests and procedures, driving up the cost of care. The health law banned construction or expansion of these hospitals except in unusual circumstances.

But physician-owned hospitals have emerged as among the biggest winners under two programs in the health law. One rewards or penalizes hospitals based on how well they score on quality measures. The other penalizes hospitals where too many patients are readmitted after they leave. There are more than 260 hospitals owned by doctors scattered around 33 states, according to Physician Hospitals of America, a trade group. They are especially prevalent in Texas, Louisiana, Oklahoma, California and Kansas.

Of 161 physician-owned hospitals eligible to participate in the health law's quality programs, 122 are getting extra money and 39 are losing funds, a Kaiser Health News analysis shows. That's a stark contrast with other hospitals -- 74 percent of which are being penalized.

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