



For Immediate Release

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**Federal Lawsuit and Injunction Filed Challenging Limitations
On Physician Owned Hospitals in Healthcare Reform**
Constitutionality of Section 6001 Questioned in Plaintiffs' Filing

TYLER, Texas (June 3, 2010) – Physician Hospitals of America (PHA) and Texas Spine & Joint Hospital (TSJH) today jointly filed suit in U.S. Federal Court, Eastern District of Texas, challenging the constitutionality of Section 6001 of the Patient Protection and Affordable Health Care Act. Section 6001 prohibits physician-owned Medicare hospitals from expanding after March 23, 2010 and bans any new physician-owned Medicare hospitals that are not certified as Medicare providers prior to December 31, 2010.

Section 6001 applies only to hospitals owned by physicians and does not impact any other type of hospital. PHA and TSJH believe Section 6001 is exclusionary and unconstitutional, eliminates competition for non-physician owned hospitals, and will ultimately have a negative impact on patient choice and medical care affordability. Section 6001 is retroactive, arbitrary, vague, contradictory, and fails to provide due process and equal protection.

Accompanying the lawsuit is a motion for a preliminary injunction that would allow TSJH to proceed with plans to expand its facility, which has already won local zoning approval for an additional 20 Medicare beds.

“There is no justifiable reason for physician-owned hospitals to be singled out in this federal legislation. We are providing a valued service to our patients and the community,” said Dr. Michael E. Russell, II, an orthopedic spine surgeon at TSJH. “If we are prevented from expanding patients will have fewer choices and costs will ultimately go up.”

TSJH is a top-rated medical facility that has provided valuable jobs and tax revenues to Tyler. Across the country, there are approximately 265 physician-owned hospitals in 34 states. Physician-owned hospitals currently employ over 75,000 full and part time employees and have an average annual payroll of \$13,000,000 per hospital, with \$3.4 billion in cumulative annual payroll nationally.

“It is truly illogical and unfortunate that at a time the government is supposedly attempting to increase access to care, it has chosen to stop the growth of many of the best hospitals in the country,” Molly Sandvig, executive director of PHA adds, “The American people need more access, not less. We need high quality, efficient, patient-centered care, not more of the same high cost, inefficient, bureaucratic-minded care.”

Of the approximately 265 existing physician-owned hospitals, 29 are scheduled to open and receive their Medicare certification by December 31, 2010. An additional 45 hospitals are currently under development and are not expected to be open or Medicare-certified by December 31, 2010. Furthermore, there are 39 hospitals that were previously under development and are currently not continuing the development process due to Section 6001. Failure to overturn Section 6001 would jeopardize these economic development projects, and the more than 25,000 quality jobs they create.

About PHA

Physician Hospitals of America (PHA) is the national organization representing approximately 265 hospitals owned and operated by reform-minded physicians. It has actively represented the interests of physician owned hospitals at the national and state levels. PHA is on the web at: www.physicianhospitals.org.

About TSJH

Texas Spine & Joint Hospital is a privately owned hospital specializing in orthopedic and spine surgery, procedures, and tests. TSJH includes a twenty bed, acute care hospital, an outpatient surgery center and ancillary imaging center. With a total medical staff of over 196, TSJH employs 220 full and part time employees and performed over 30,000 procedures and tests in 2009. With a focus on patient-centered care in a specialized environment, TSJH ranks in the 99th percentile nationally for patient satisfaction according to Press Ganey Associates survey data.

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