



Maryland
Hospital Association

PHYSICIAN SELF-REFERRAL THE GOLD STANDARD IN PROTECTING PATIENTS

It goes without saying that physicians and other health care providers ought to make every medical decision based on their patients' best interests, and nothing more.

That's why states have laws specifically designed prevent physicians and others from referring patients to services in which they have a financial interest. These self-referral laws protect patients from even the appearance of a conflict of interest by health care providers. Maryland's law is among the strongest in the nation, and ensures there are *no* conflicts of interest when it comes to patient care.

Beyond the protections for patients, these laws have been shown to help control costs, as **multiple peer-reviewed studies demonstrate a clear link between physician ownership and overutilization of health services.** According to a landmark *New England Journal of Medicine* article, the rate of a certain radiation therapy by self-referring urologists more than doubled, from 13.1 percent to 32.3 percent, compared to non-self-referring urologists. Nationally, nearly half of all states regulate the development of new radiation therapy services to ensure cost-effective care for patients.

Controlling costs is an essential component of success under Maryland's agreement with the federal government known as the All-Payer Model. Under that agreement, the state is responsible for controlling *all* health care costs, from doctors to hospitals to skilled nursing facilities. The self-referral law is an additional safeguard to help control costs for both patients and the health care system, both of which would be at risk if the law is weakened.

Changes to the self-referral law that drive up utilization would increase costs to patients and would undermine the viability of the All-Payer Model, which brings an estimated \$2 billion in federal funds to Maryland annually. This is why the Health Services Cost Review Commission is currently examining the impact of changes to Maryland's self-referral law, to determine how alterations might impede the progress to date and the potential for success in the future.

WHAT HOSPITALS ARE FOR

Hospitals support maintaining strong conflict of interest provisions to protect patients, and a viable health care environment for Maryland's innovative model. Any changes, even in the form of a pilot project, at a time when the new model is in its early stages, could upend significant progress Maryland has made in controlling costs and improving quality.

