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## The Center for Health Affairs Opposes Site-Neutral Payment Policies

On behalf of our more than 30 hospital members caring for patients in 10 Northeast Ohio counties, The Center for Health Affairs calls on Congress to reject proposals that seek to further reduce hospital reimbursement for quality, 24/7 care delivered by our community hospitals.

Hospitals and their associated facilities provide access to critical services that are not otherwise always available in the community, and they care for patients with very severe conditions. Payment proposals that attempt to treat hospital outpatient departments the same as independent physician offices and other ambulatory sites of care ignore the very different level of services provided by hospitals and the needs of the patients and communities cared for in that setting. Hospitals need to have emergency stand-by capacity, are open 24/7 to all who seek care regardless of ability to pay, and have myriad regulatory requirements imposed on them – all adding to the overall cost of care.

“The vitality of our hospitals is critical to ensuring that our communities have access to quality care,” stated Brian Lane, president and CEO of The Center for Health Affairs. “Congress should oppose site-neutral payment cuts, which would not only reduce access to critical healthcare services but would also further exacerbate negative shortfalls that jeopardize staffing, services and innovation.”

According to the [American Hospital Association](#), hospitals are already significantly under-reimbursed by Medicare, leading to negative Medicare margins.



There are important factors differentiating hospitals from other settings:

- ✓ Hospitals and independent physician offices do not provide the same benefits to their communities. Hospitals and health systems invest significant resources to ensure they are able to provide essential benefits to their communities. This includes maintaining standby capacity for natural disasters, public health emergencies and unexpected traumatic events, as well as delivering 24/7 emergency care to all patients, regardless of their ability to pay. Hospitals also provide special service capabilities that are not available elsewhere like burn units, neonatal care, and critical care services.
- ✓ Hospitals and other outpatient sites of care are held to different regulatory requirements. Since hospital outpatient departments are extensions of the main hospital, they are held to higher regulatory and safety standards than other outpatient care settings, including more stringent safety codes and strict Joint Commission standards. Hospitals do not receive any funding to maintain compliance with all these additional requirements.
- ✓ Hospital outpatient departments provide convenient access to care for the most vulnerable and medically complex patients in their communities. Compared to other care settings, hospital outpatient departments are more likely to treat Medicare patients who have more chronic and severe conditions, have been recently hospitalized or in an emergency department, and are dually eligible for Medicare and Medicaid. These patients — whose care is more expensive — rely on hospital outpatient departments for their increased healthcare needs.

Site-neutral payment policies endanger hospitals' ability to continue to provide 24/7 access to emergency care and standby capacity for disaster response. The Center for Health Affairs urges Congress to prioritize patients' access to care and reject further payment cuts to our healthcare system.

**Additional resources for more information:**

- ✓ [Fact Sheet: Hospital Outpatient Department Billing Requirements](#)
- ✓ [Myth vs Fact: Site-neutral Payment Policies Infographic](#)
- ✓ [Infographic: Medicare Significantly Underpays Hospitals for Cost of Patient Care](#)