

# AMERICA'S HOSPITALS AND HEALTH SYSTEMS

May 23, 2023

The Honorable Cathy McMorris Rodgers  
Chair  
Energy & Commerce Committee  
U.S. House of Representatives  
Washington, DC 20515

The Honorable Frank Pallone, Jr.  
Ranking Member  
Energy & Commerce Committee  
U.S. House of Representatives  
Washington, DC 20515

Dear Chair Rodgers and Ranking Member Pallone:

On behalf of our nation's hospitals and health systems, we are writing to express our opposition to a legislative provision which would reduce payments for the drug administration services furnished in off-campus provider based departments that was passed last week by the Health Subcommittee as part of H.R. 3281 and will be considered before the full committee on May 24 as H.R. 3561. We also are concerned that additional site-neutral payment policies will be considered by the Committee in the future.

The cost of care delivered in hospitals and health systems takes into account the unique benefits that they provide to their communities. However, the provision in H.R. 3561 – Section 302 – would reduce reimbursement for hospital outpatient departments (HOPDs) and negatively impact facilities that provide essential drug administration services for our communities' most vulnerable patients, many of whom require a higher level of care than may be offered in other health care settings. Additionally, while this policy is focused on Medicare payments, Medicare policies often influence Medicaid and private insurance standards that could affect children without considering their unique needs.

It is important to note that HOPDs treat patients who are sicker and have more chronic conditions than those treated in physician offices or ambulatory surgical centers, as they are better equipped to handle complications and emergencies. Patients [cared](#) for in HOPDs are:

- More likely to be eligible for both Medicaid and Medicare;
- More likely to be enrolled in Medicare through disability or end-stage renal disease than those served in physician offices;
- More likely to be non-white;
- More likely to be over 85 years old; and
- Among Medicare beneficiaries with cancer, roughly four times more likely to seek ambulatory care in an HOPD as compared to a physician office.

Providing a higher level of care to our communities – including emergency stand-by capacity, operating 24/7 and being available to any who seek care regardless of ability to pay – often requires the use of additional resources that other health settings do not typically offer. Hospital facilities also must comply with more comprehensive scope of

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licensing, accreditation and other regulatory requirements as compared to other sites of care. This includes EMTALA requirements, stricter requirements for disaster preparedness and response, more stringent ventilation and infection control codes, higher quality assurance requirements, accreditation, and stricter fire and life safety codes.

The provision in H.R. 3561 would expand existing site-neutral payment cuts, which have already had a significantly negative impact on the financial sustainability of hospitals and health systems. On average, Medicare only pays 84 cents for every dollar hospitals spend providing care to Medicare beneficiaries. Moreover, overall median hospital operating margins were negative throughout 2022 and into the beginning of this year. Site-neutral cuts have already contributed to the existing shortfalls, and any further expansion of these policies will exacerbate the financial challenges our hospitals and health systems are facing and could ultimately threaten patients' access to quality care.

Once again, we would like to express our opposition to Section 302 of H.R. 3561. We look forward to continuing our discussions with you regarding site-neutral payment policies and how they fail to account for fundamental differences between hospitals and other sites of ambulatory care.

Sincerely,

America's Essential Hospitals  
American Hospital Association  
Association of American Medical Colleges  
Catholic Health Association of the United States  
Children's Hospital Association  
Federation of American Hospitals  
National Association for Behavioral Healthcare  
Premier Inc.  
Vizient, Inc