

January 10, 2024

The Honorable Mike Johnson
Speaker
U.S. House of Representatives
Washington, DC 20515

The Honorable Charles Schumer
Majority Leader
United States Senate
Washington, DC 20510

The Honorable Hakeem Jeffries
Democratic Leader
U.S. House of Representatives
Washington, DC 20515

The Honorable Mitch McConnell
Republican Leader
United States Senate
Washington, DC 20510

Dear Speaker Johnson, Leader Schumer, Leader Jeffries, and Leader McConnell:

On behalf of our nearly 5,000 member hospitals, health systems and other health care organizations, our clinician partners — including more than 270,000 affiliated physicians, 2 million nurses and other caregivers — and the 43,000 health care leaders who belong to our professional membership groups, the American Hospital Association (AHA) writes regarding the ongoing government funding discussion.

The AHA supports the elimination of the Medicaid disproportionate share hospital (DSH) reductions for two years. Without congressional action, hospitals will find it challenging to serve vulnerable patients in their communities. In addition, we strongly oppose efforts to expand site-neutral payment cuts. We also oppose proposed policies that would increase regulatory burdens on hospitals and health systems through changes in the Hospital Price Transparency Rule and changes to current billing practices to require the use of unique identifiers for off-campus hospital outpatient departments (HOPDs). The unique identifier provision is duplicative and unnecessary since federal regulations already require hospitals to be transparent about the location of care delivery to patients.

Current Medicare payment rates appropriately recognize that there are fundamental differences between patient care delivered in HOPDs compared to other settings. HOPDs provide care for Medicare patients who are more likely to be sicker and more medically complex than those treated at physicians' offices while also being held to stricter safety and regulatory requirements.



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This is especially true in rural communities. Medicare beneficiaries in rural areas — including those who are dually eligible for Medicaid — disproportionately rely on HOPDs to meet their increased health care needs since they have less access to office-based physicians. Additional Medicare cuts to these facilities will have a direct impact on the level of care and services available to vulnerable patients in rural communities.

Efforts to expand site-neutral payment cuts to include essential drug administration services furnished in off-campus HOPDs would disregard important differences in patient safety and quality standards required in these facilities. [Unlike other sites of care](#), hospitals take important additional steps to make certain that drugs are prepared and administered in a safe manner for both patients and providers. For example, hospital pharmacists must confirm safe dosing and check for drug-drug interactions and protections must be in place to prevent employee exposure to hazardous drugs. In addition, hospitals are required to remain in compliance with important safety standards such as those required by the Food and Drug Administration, U.S. Pharmacopeia, and The Joint Commission.

It is unconscionable to impose these cuts at a time when so many hospitals are already facing serious financial challenges. This is largely due to the fact that Medicare already significantly underpays hospitals for the cost of caring for patients. The [latest analysis](#) shows that on average Medicare pays only 82 cents for every dollar of hospital care provided to Medicare beneficiaries, leaving hospitals with nearly \$100 billion in Medicare shortfalls in 2022 alone. As a result, two-thirds of all hospitals reported negative Medicare margins in 2022. Enacting these site-neutral cuts would pave the way for commercial insurers to implement additional site-neutral cuts in the private market. We urge you not to prioritize commercial insurers' interests at the expense of patients in your communities.

The AHA also is concerned about the regulatory burden proposed changes to the Hospital Price Transparency Rule would have on hospitals and health systems. These changes would unfairly penalize hospitals that have spent significant capital to comply with the current regulation. In addition, recent [data](#) shows that 90.7% of hospitals have met the requirement to post a machine-readable file. While the AHA supports efforts to provide clarity about hospital prices, eliminating the price estimator tools as a method to meet the shoppable services requirement would financially harm those hospitals and health systems that have invested considerable time and resources in developing these tools to provide patients with a user-friendly summary of their potential out-of-pocket costs. In addition, the AHA urges Congress to continue to allow the Centers for Medicare & Medicaid Services to determine the maximum civil monetary penalty assessed to hospitals deemed to be out of compliance with the statute.

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Thank you for your consideration of our concerns. We appreciate your leadership and look forward to working together to ensure patients continue to have access to quality care in their communities.

Sincerely,

/s/

Richard J. Pollack
President and Chief Executive Officer