

Legislative efforts to enact a Medicare Payment Advisory Commission (MedPAC) proposal that would impose site-neutral payment cuts on hospitals for certain outpatient services — including those occurring in both on-campus and off-campus hospital outpatient departments (HOPDs) — would lead to significant and unacceptable Medicare cuts for hospitals and health systems, jeopardizing access to hospital care for millions of Americans.

The AHA remains firmly opposed to proposals that would expand site-neutral payment cuts for hospitals. Current Medicare payment rates, despite paying substantially less than the cost of care, recognize that hospital outpatient departments (HOPDs) are unique. HOPDs treat sicker, more complex patients from medically underserved populations; they also follow more rigorous licensing, accreditation and regulatory requirements compared to other care settings.

Hospitals and health systems, including their HOPDs, need the financial and operational resources to provide high acuity services that only hospitals can provide. This includes maintaining 24/7 capacity to respond to natural and man-made disasters, public health emergencies, and other unexpected traumatic events. It also means being available to care for all individuals experiencing an emergency regardless of their ability to pay. Further site neutral cuts could result in hospitals closing or reducing these vital services, reducing patient access in communities nationwide, particularly in rural and underserved areas.

Site-neutral policies also threaten the viability of local economies, which hospitals support through job creation and investments in local goods and services. Every dollar a hospital spends in their community generates an additional **\$3.49** in business activity. Thus, large hospital payment cuts, like those proposed by MedPAC, will result in devastating ripple effects that would disrupt economic activity across communities.

An AHA analysis found that this framework would result in approximately **\$167 billion** in cuts to hospitals and health systems over 10 years. Using data from Lightcast, the AHA found that this amount of revenue loss would result in:

- o **42,000** fewer hospital jobs in the first year alone.
- o **169,000** fewer jobs in hospitals' local communities in the first year alone.
- o Nearly **\$600 billion** in reduced 10-year total economic activity.

These losses are simply unsustainable for hospitals and the communities they serve.

The AHA urges Congress to reject site-neutral payment cuts to avoid jeopardizing access to essential hospital care and weakening economic growth in communities across the country.

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1 <https://www.aha.org/system/files/media/file/2023/03/Comparison-of-Medicare-Beneficiary-Characteristics-Between-Hospital-Outpatient-Departments-and-Other-Ambulatory-Care-Settings.pdf>.

2 AHA analysis of Lightcast (2023), "Impact Scenario Detailed Effect – General Medical and Surgical Hospitals," at [lightcast.io](https://lightcast.io).