

**Statement
of the
American Hospital Association
for the
United States Senate
Special Committee on Aging
“Modernizing Health Care:
How Shoppable Services Improve Outcomes and Lower Costs”
October 22, 2025**

On behalf of our nearly 5,000 member hospitals, health systems and other health care organizations, as well our clinician partners — including more than 270,000 affiliated physicians, 2 million nurses and other caregivers — the American Hospital Association (AHA) appreciates the opportunity to submit this statement to share the hospital field’s comments on how to reduce health care costs for seniors.

OVERVIEW OF NATIONAL HEALTH SPENDING

America’s hospitals and health systems understand and share your concerns regarding the high cost of health care. Hospitals continue to face a perfect storm of financial pressures driven by persistent cost growth, inadequate reimbursement and shifting care patterns driven by both policy changes and an older, sicker population with more complex, chronic conditions. Despite escalating expenses, Medicare reimbursement continues to significantly lag behind inflation. At the same time, the practices of certain Medicare Advantage (MA) plans to increase delays, denials and underpayments are exacerbating the financial burden faced by hospitals. These challenges create significant barriers to hospitals’ ability to continue to provide access to essential services and care, especially for our nation’s seniors.

Rising prescription drug prices also continue to be a major cost driver for both patients and hospitals and health systems. Average drug expenses per patient increased nearly



20% between 2019 and 2022.¹ In addition, a government report found that drug companies increased prices faster than inflation for approximately 2,000 drugs between January 2022 and January 2023, with an average price increase of 15.2%.² Compounding this problem are decisions made by drug companies to price new drugs coming onto the market at record-high levels, with the median price of a new drug in 2023 costing \$300,000 and increasing to \$370,000 in 2024.^{3,4}

HOSPITAL PRICE TRANSPARENCY REQUIREMENTS

We appreciate Congress' ongoing interest in hospital price transparency to provide consumers with access to the price information they need, which is specific to their course of treatment.

Hospitals and health systems must comply with both state and federal price transparency policies, which include the federal Hospital Price Transparency Rule and provisions in the No Surprises Act. The Centers for Medicare & Medicaid Services (CMS) monitors hospital price transparency compliance, which includes requirements for a consumer-friendly display of shoppable services information, as well as comprehensive, machine-readable files. Since the Hospital Price Transparency requirements went into effect in 2021, hospitals have invested countless staff hours and substantial resources in adhering to the provisions and remain committed to ensuring they meet the regulatory requirements, even as the provisions have been continually modified since implementation.

We are concerned with legislative proposals that would diverge from current regulatory requirements and impose additional administrative burdens on hospitals and health systems. For example, provisions have been drafted that would no longer recognize price estimator tools as a method to meet the shoppable services requirement under the Hospital Price Transparency regulations. This change would both reduce access to a consumer-friendly research tool and unfairly penalize hospitals that have spent significant capital to comply with the regulation.

Price estimator tools offer consumers an estimate of their out-of-pocket costs based on their insurance benefit design, such as cost-sharing requirements and prior utilization, as well as the patient's annual deductible. This is an important feature of these tools that is not available from a shoppable services spreadsheet. Eliminating the use of price estimator tools as a method to meet the shoppable services requirement of the Hospital Price Transparency Rule would therefore reduce price transparency for patients. We urge Congress to reject this potential change.

¹ <https://www.aha.org/system/files/media/file/2025/04/The-Cost-of-Caring-April-2025.pdf>

² <https://aspe.hhs.gov/reports/changes-list-prices-prescription-drugs>

³ <https://www.reuters.com/business/healthcare-pharmaceuticals/prices-new-us-drugs-rose-35-2023-more-than-previous-year-2024-02-23/>

⁴ <https://www.reuters.com/business/healthcare-pharmaceuticals/prices-new-us-drugs-doubled-4-years-focus-rare-disease-grows-2025-05-22/>

As Congress seeks to make statutory changes to price transparency standards, it is important for legislators to consider the adjustments that CMS regularly makes to the Hospital Price Transparency Rule. These include changes related to standardization, new data elements, file accessibility, and the accuracy and completeness affirmation, as well as changes to CMS' monitoring and enforcement processes. CMS currently requires hospitals to use a standard format to comply with the machine-readable file requirement, which includes data elements such as negotiated rate contracting type or methodology, an accuracy and completeness affirmation, and (as of Jan. 1, 2025) an "estimated allowed amount."

CMS also requires that hospitals' price transparency information be more easily found on their websites. In the calendar year 2026 outpatient prospective payment system proposed rule, CMS considered drastically changing these requirements once again, both in terms of the required data elements in the machine-readable files and the attestation language. Should Congress pass price transparency legislation that does not align with current requirements or the new requirements expected to be finalized in the coming months, it would negate the work that CMS has done to update the rule based on lessons learned since the regulation took effect.

Regarding compliance and enforcement, hospitals may be required to have an authorized hospital official certify the accuracy and completeness of the hospital's machine-readable file during the monitoring and enforcement process. CMS can also require hospitals to provide additional documentation at the agency's request, including contracting documentation needed to validate the hospital's negotiated rates and verification of the hospital's licensing status.

CMS publicizes hospital-specific information on all compliance assessment and enforcement activity, which it now updates regularly on a [public website](#). This includes details related to CMS' assessment of hospital compliance, any compliance actions taken against a specific hospital, the status of the compliance action(s) and the outcome of the action(s). Since the hospital price transparency requirements took effect in 2021, CMS has changed the requirements and guidance several times. While many of these changes have made expectations clearer and easier to comply with, their repeated implementation requires significant time and resources.

Hospitals and health systems are eager to continue working towards providing the best possible price estimates for their patients.

The AHA asks Congress to take the following steps to support these efforts:

- **Review and streamline the existing transparency policies with a priority objective of reducing potential patient confusion and unnecessary regulatory burden on providers.**
- **Focus efforts on ensuring pre-service estimates can be as accurate as possible, including by simplifying benefit design.**

- **Continue to convene patients, providers and payers to seek input on how to make federal price transparency policies as patient-centered as possible.**
- **Refrain from advancing additional legislation or regulations that may further confuse or complicate providers' ability to provide meaningful price estimates while adding unnecessary costs to the health care system.**

REJECT SITE-NEUTRAL PAYMENT CUTS

The AHA strongly opposes efforts to expand site-neutral payment cuts, which would jeopardize access to care for seniors. Current Medicare payment rates appropriately recognize that there are fundamental differences between patient care delivered at hospital outpatient departments (HOPDs) compared to other settings. HOPDs treat patients who are more likely to be sicker and more medically complex while also being held to stricter patient safety standards and regulatory requirements.

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.⁵ Additional Medicare cuts to these facilities will have a direct impact on the level of care and services available to patients in rural communities.

The cost of care delivered in HOPDs accounts for the unique benefits that hospitals and health systems provide to their communities — which are not provided by other sites of care. This includes investments made to maintain standby capacity for natural and manmade disasters, public health emergencies and unexpected traumatic events, as well as delivering 24/7 emergency care to all who come to the hospital.

Existing site-neutral payment cuts have already created significant financial challenges for many hospitals and health systems. This is largely because Medicare significantly underpays hospitals for the cost of caring for patients. The latest analysis, from 2023, shows that on average, Medicare paid only 83 cents for every dollar spent by hospitals, resulting in over \$100 billion in underpayments.⁶

The AHA urges Congress to reject any additional site-neutral cuts, which would exacerbate the financial challenges facing hospitals and health systems and reduce access to essential care for Medicare beneficiaries, especially those living in rural and underserved communities.

⁵ <https://www.aha.org/system/files/media/file/2024/01/analysis-hospitals-health-systems-are-critical-to-preserving-access-to-care-for-rural-communities-report.pdf>

⁶ <https://www.aha.org/system/files/media/file/2025/04/The-Cost-of-Caring-April-2025.pdf>

CONCLUSION

Thank you for your consideration of the AHA's comments on issues related to reducing health care costs for seniors. We look forward to working together to ensure patients continue to have access to quality care in their communities.