Site-neutral Payment Policies Threaten Access to Hospital-level Care

Americans depend on hospitals providing 24/7 access to care.

- **Hospitals serve all patients, regardless of their ability to pay.**
- **Hospitals serve as a safety net for vulnerable populations.**
- **Hospitals must have the resources to respond to local disasters.**

Given Their Unique Role, Hospitals Are Held to Higher Standards than Ambulatory Surgery Centers and Physician Offices

Regulatory Requirements/Roles	Hospital Outpatient Department	Ambulatory Surgery Center	Physician Office
24/7 Standby Capacity for ED Services	✓		
Backup for Complications Occurring in Other Settings	✓		
EMTALA	✓		
Uncompensated Care/Safety Net	✓		
Teaching/Graduate Medical Education	✓		
Special Capabilities (burn, trauma, neonatal, psychiatric services, etc.)	✓		
Required Government Cost Reports	✓		
Equipment Redundancy Requirements	✓		
Disaster Preparedness and Response	✓	✓	
Annual Hazard Vulnerability Analysis	✓	✓	
Stringent Ventilation Requirements and Infection Control Codes	✓	✓	
Fire and Life Safety Codes (NFPA 101)	✓	✓	
Essential Electrical System (NFPA 99)	✓	✓	
Evacuation and Relocation and Quarterly Fire Drills	✓	✓	
Infection Control Program	✓	✓	
Quality Assurance Program	✓	✓	
Joint Commission Accreditation	✓	✓	

None of these roles are specifically funded. Instead, hospitals must cover the costs of complying with these requirements through their direct patient care revenue.

Medicare fails to pay its fair share of these costs.

Medicare reimburses hospitals only 84 cents for every dollar hospitals spend providing care to Medicare beneficiaries.

- Site-neutral payment policies have contributed to this shortfall and have been a significant blow to hospitals' financial stability.
- Hospitals are already struggling to manage the aftermath of the most significant public health crisis in a century, crushing workforce shortages, broken supply chains and historic inflation — all increasing the cost to care for patients.
- Additional cuts will only worsen the problem, further erode hospitals' ability to respond to emergencies and threaten access to care for everyone.

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Congress: Protect Medicare beneficiaries' access to care. Reject any further site-neutral cuts to the Medicare program.

Congress is considering several bills that would impose additional site-neutral payment reductions to services provided in hospital outpatient departments (HOPDs). AHA has estimated the impact of three proposals[1] that would cut billions from hospitals, which already have Medicare outpatient margins of a staggering -17.5%. This would force them to reduce or eliminate programs and services for patients, and in some cases, hospitals may be forced to close.

Hospital Cuts in Legislative Proposals (Over 10 Years)

Off-campus Reduction for Grandfathered Drug Administration Services

$3 Billion

Starting in 2025, and phased in over four years, drug administration services furnished in grandfathered off-campus HOPDs would be paid at a site-neutral rate.

Off-campus Reduction for Grandfathered Non-Evaluation and Management (non-E&M) Services

$31.2 Billion

Starting in 2025, all services (other than E&M services, which are already paid at a site-neutral rate) furnished in grandfathered off-campus HOPDs, including those which are currently exempted from site-neutral payment, such as off-campus emergency departments, approved "mid-build" HOPDs and those in dedicated cancer centers, would be subject to site-neutral payment.

All Hospital Outpatient Departments MedPAC Site-neutral Proposal

$180.6 Billion

Starting in 2026, would reduce Medicare payments for certain categories of services in HOPDs (both on-campus and off-campus) and ambulatory surgical centers based on the setting in which the services were most frequently furnished (e.g., if a service is most frequently furnished in a physician's office, then it would be paid at a residual amount of the Physician Fee Schedule rate).

Site-neutral cuts would put access to essential care and services in jeopardy. These include:

24/7 access to emergency care

Standby capability and capacity for disaster response

Convenient access to care for the most vulnerable and medically complex beneficiaries

Access to cancer care for patients with chronic conditions

[1] See AHA fact sheet for detailed analysis of the legislative proposals, as well as state impact data. Each analysis and estimated impact should be taken on its own, and they should not be combined because there is overlap in the proposals.

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