

## **FACILITY FEES ARE THE HOSPITAL PAYMENT. THEY ENSURE PATIENT HEALTH & ACCESS TO CARE.**

Hospital outpatient payments (so-called "facility fees") are a critical part of paying for a patient's overall care. They keep outpatient clinics open and available to Texans as a lower-cost, convenient option for health care.



**PROFESSIONAL FEE**  
Pays for the Doctor

Mammograms. Biopsies. ENT procedures. Labwork. Colonoscopies. X-Rays. All of those outpatient services – and many others – are offered in outpatient clinics run by Texas hospitals. In 2023, hospitals were targeted by legislation that would have prohibited them from collecting payment for these and other services.



**FACILITY FEE**  
Pays for Everything Else

**Prohibiting hospital outpatient payments would dismantle access to care** across Texas – particularly for low-income residents, underserved populations, seniors and people in rural communities who rely on outpatient care.



# 69%

**OF TEXAS HOSPITALS WOULD  
CLOSE OUTPATIENT CLINICS  
IF THEIR PAYMENTS WERE PROHIBITED.**

## **A NECESSARY COST**

Legislation prohibiting a "facility fee" would prohibit the full payment to the hospital for the care provided in that outpatient setting. This payment covers the cost of the nurses and any other allied health provider who helped treat the patient, the technology and equipment used in the patient's care, and the other necessities allowing that outpatient clinic or setting to be open to patients.



### **Health Care and Jobs Will Be Lost**

A prohibition on hospital outpatient payments means health care, jobs, clinics and access to care will evaporate in Texas.

- 85% of Texas hospitals would reduce staff
- 80% of Texas hospitals would reduce services
- 69% of Texas hospitals would close outpatient clinics

(Source: THA survey of Texas hospitals, March 2023)



### **Facility Fees ARE the Hospital Payment**

Hospital outpatient payments cover a patient's care and environment beyond the doctor's bill. They pay for every person who takes care of the patient, plus the team of people, equipment and technologies that a patient may never see – but are integral in an outpatient clinic. Facility fees pay for:

- Nurses
- Lab Technicians
- Security
- Janitorial Staff
- Technology
- Interpreters
- Emergency Services
- Infrastructure
- Medical Records
- Regulatory Requirements
- Hospital Accreditations

### Payments Are Critical for Specialty Services

Hospital outpatient payments not only give communities access to care in an outpatient setting but also help hospitals build, maintain and improve specialized services like:

- Cancer Care
- Wound Care
- Pediatric Care
- Endocrinology
- Cardiology
- Diabetes Care
- Gastroenterology
- Urology Care
- Transplant Services
- Maternal Fetal Medicine
- Behavioral Health Care

### Prohibiting the Hospital Payment Only Increases Costs Elsewhere

Prohibiting hospitals from charging for their portion of services will not decrease costs for the patient. In fact, health care costs will go up because:

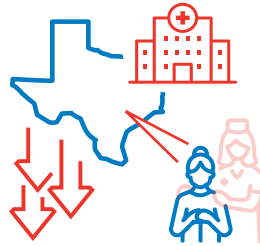
1. **Vulnerable populations** will be left to seek care in emergency rooms.
2. Drive times and wait times for care **will increase** as clinics are shuttered.
3. **Health care costs will go up** if patients' only option to receive specialized care is in an inpatient setting.

### Texas Hospitals Are Already at Risk of Closure

Texas hospitals are already struggling amid skyrocketing expenses and losses, plus unprecedented labor shortages following the pandemic. For 2022, nearly half of all Texas hospitals had negative operating margins. Almost one of out of every 10 Texas hospitals is at risk of closure. These extreme financial pressures on a life-saving industry create risk for patients and the state's overall health.

### Hospital Outpatient Payments Are Not Flat Cover Charges

These costs are not a fixed entry fee for any patient who comes into a facility. Payments are calculated based on the intensity of the care the patient receives in an outpatient facility.



**HOW BAD CAN IT GET? TEXAS ALREADY RANKS LAST IN HEALTH CARE ACCESS. AND, 23 COUNTIES IN TEXAS HAVE NO PHYSICIAN.**

### What About Insurance?

Insurance generally covers the so-called "facility fee," or a portion of the fee. But sometimes, patients have to pay the cost themselves because they have not met their insurance deductible. A rise of high-deductible and "skinny" insurance plans means that many costs are now being passed on directly to the patient. These plans overpromise what they cover and underdeliver when people need care. Texas hospitals go to great lengths to help patients understand their health coverage and what it does/doesn't pay. A patient's financial responsibility is based in large part on their insurance.



**PROHIBITING HOSPITAL OUTPATIENT PAYMENTS IN STATE LAW WILL RESULT IN A DEVASTATING \$3 BILLION YEARLY LOSS FOR TEXAS HOSPITALS IN TRADITIONAL MEDICARE REIMBURSEMENTS. MEDICARE ACCOUNTS FOR 32% OF TEXAS HOSPITAL PAYMENTS.**

### What is Outpatient Care?

Any care that requires a stay shorter than 24 hours, even if it happens inside a hospital. It is convenient, flexible and costs less. Over the years, hospitals have worked to shift more care to outpatient settings instead of more costly care locations. It helps ensure patients have the right care in a convenient, lower-cost setting.