

Insurance Should Cover Your Facility Fee

Because It's the Cost of Care

The Situation

There is a national movement to cut or outlaw “facility fees” charged by hospitals in outpatient settings. That’s because there is a belief that these are extra, unnecessary “cover charges” tacked on by hospitals to boost profits.

The Reality

The “facility fee” covers the actual cost of care – anything and everything beyond the doctor bill, which is separate in Texas. A facility fee is how the hospital gets paid for services it provides in its outpatient departments.

The Insurance Problem

Insurance should cover this basic element of care. But insurance companies would rather pass that cost along to patients, particularly through high-deductible health plans. Without these facility fees, hospitals can’t pay for nurses, equipment or utilities to keep outpatient facilities open.

Why Is This an Issue Now?

Facility fees have existed for years, allowing hospitals to offer lower-cost access points for care outside of the traditional hospital location. Insurers are pushing legislation to curb facility fees because – simply put – they don’t want to pay for them.

How Much Does the Patient Pay?

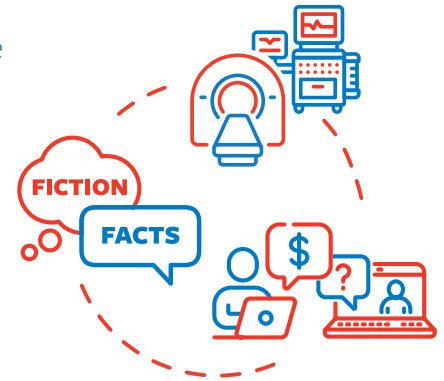
Insurance – not hospitals – largely dictates how much a patient pays out of pocket. If an insurer won’t cover the “facility fee” – which is the cost of care – **the insurer leaves it on the table for the patient to pay.**

Pro Bono Health Care? It’s Basic Math

The misguided belief that hospital outpatient departments (HOPDs) can and should operate “for free” or at a loss is dangerous. No business would allow a service location to hemorrhage money. The business would simply shutter that service. Staff need to be paid, supplies need to be bought, and space needs to be purchased or leased and maintained. **Operating at a loss is not an option for any business.**

Insurance Must Cover Preventive Care

Under the Affordable Care Act, most health insurance plans are required to cover preventive services without making patients pay out of pocket. The patient already pays a premium to their insurance company to cover this important care. Patients should not have to pay a “facility fee” bill for a preventive service (mammograms, colonoscopies, etc.) because their insurance is supposed to cover it.



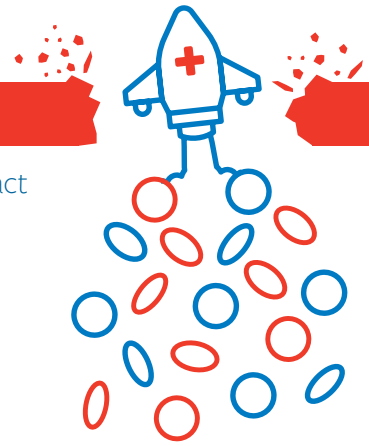
Hold Insurers Accountable

Insurers are vilifying “facility fees” because they are looking for an escape hatch to avoid paying for care. The reality? **Insurers should cover the cost of care, not pass that cost along to the patient.**

Cutting Facility Fees Will Make Health Care Costs SOAR.

Hospitals, like any other business, have sources of revenue that must remain intact just to exist. And when hospitals cease to provide care, their communities suffer. People become sicker, jobs are lost and costs go up.

1. First, outpatient clinics will close;
2. Community jobs will be lost;
3. Access to care will shrink;
4. People will turn to expensive emergency department care;
5. **Then, health care costs will go up for everyone.**



Hospitals Agree

- Protect patients from big bills
- Ensure transparency of charges
- Eliminate billing surprises
- Keep costs down
- Hold insurance accountable
- Leverage telemedicine



Hospital Outpatient Departments Are Critical to the Health of Texas



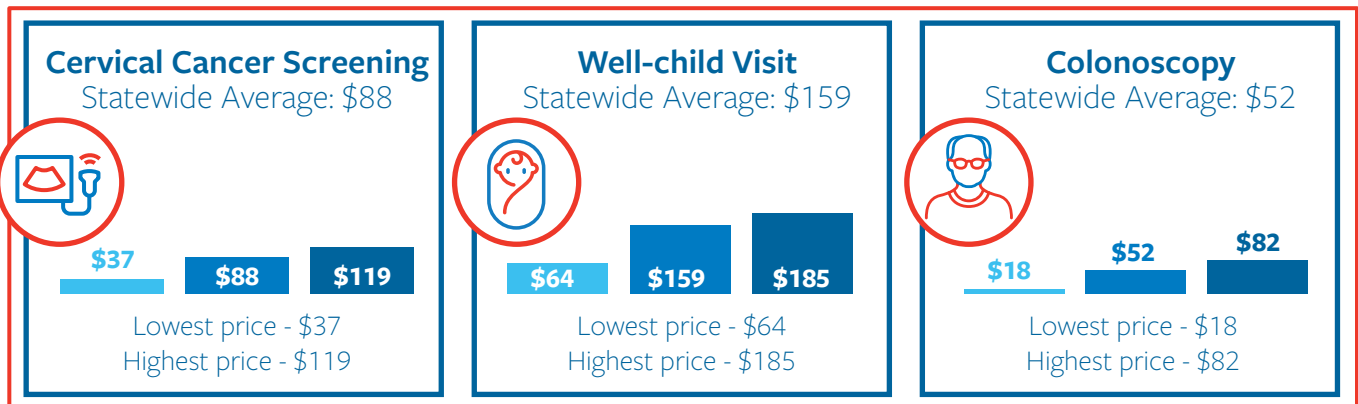
The Rural Factor. Medicare patients in rural communities disproportionately rely on HOPDs to meet their increased health care needs. The more rural the county, the more likely it is that visits will take place in a HOPD rather than a physician office.

Complex Care for Vulnerable Texans. Hospital outpatient departments care for sicker and more complex patients than other outpatient care settings. They also are twice as likely to provide care to patients who are dually eligible for Medicare and Medicaid.



NOT Cherry-Picked: Let's Look at Actual Facility Fee Data for Texas

Cherry-picked data can make a compelling case for or against these fees. However, facility fee averages are a more honest reflection of reality. Here are snapshots of contracted rates for three preventive procedures.

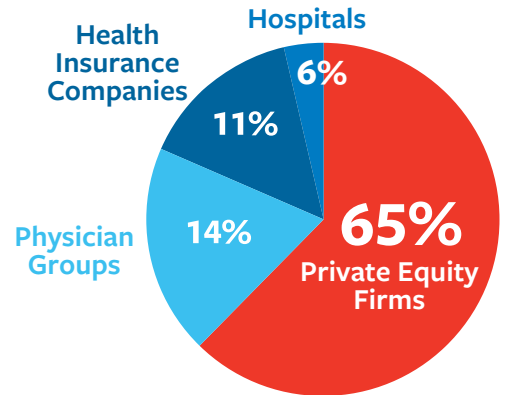


Special Treatment for Patients *Insurance Companies?*

Outlawing facility fees only benefits insurance companies. Importantly, **a ban on facility fees would not apply to insurance companies or private equity firms operating outpatient practices.** They are moving quickly to buy up struggling physician practices and charge “service fees” and “transaction fees” serving the same purpose as a hospital facility fee.

If hospitals are squeezed out of the outpatient market – because they can’t recoup the cost of care – insurance companies and private equity companies will infiltrate, turn profits on the backs of patients and **position themselves as both the judge and jury in deciding a patient’s care.**

Who Is Buying Up Physician Practices?



A Tale of Two Bills: Doctors & Hospitals Are Separate By Law

Texas is a “corporate practice of medicine state,” meaning that hospitals cannot employ physicians. The concept is a safeguard against corporate influence on medical care. It is designed to give doctors autonomy and protect the doctor-patient relationship.

That’s why, in a hospital’s world, there are always two bills – one for the doctor, one for the hospital. The hospital does not and cannot “share” the doctor’s fee. Both bills are important and, together, reflect the total cost of care.



Professional Fee

Pays for Doctor



Facility Fee

Pays for Staff, Supplies & Space
Critical Infrastructure for a Doctor Visit



- Nurses
- Lab Techs
- Interpreters
- Specialty Nurses
- Appointment Schedulers
- Janitorial Staff
- Medical Record-Keepers
- Food Service Workers

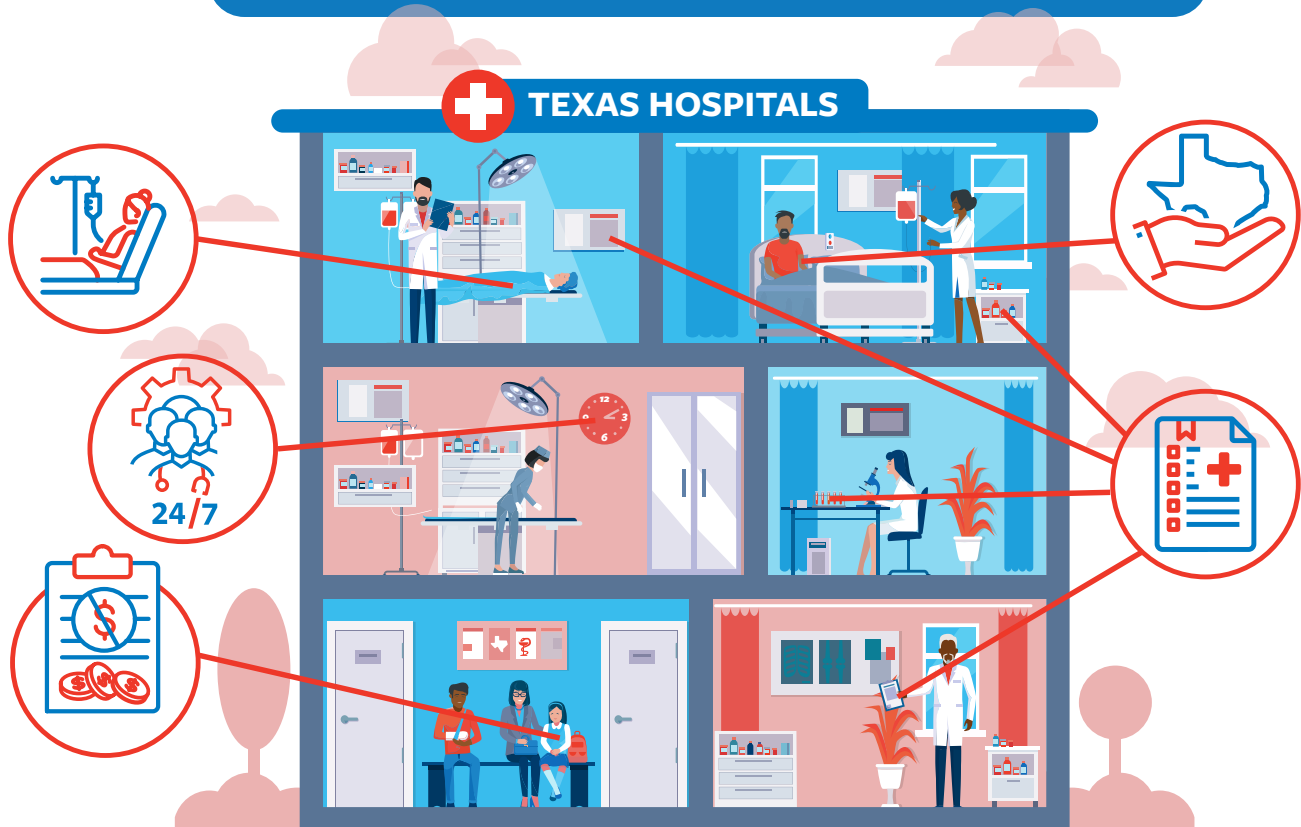


The Nature of Hospitals Makes Them Expensive.

- They must be open 24/7.
- They must care for the uninsured.
- They serve Medicaid/Medicare patients at low rates.
- They are the most regulated industry in the country.
- They care for the sickest patients.

Insurance companies don't want to pay facility fees, but hospitals have to charge them because **they are the cost of a service provided.**

Facility Fees Cover Everything But the Doctor



Sources:

Price Data: [Cancer Screenings, Well-Child Visits, Colonoscopies – PYA Negotiated Pricing Dashboard](#)

Who Is Buying Physician Practices?: [Report: Private Equity and Health Insurers Acquire More Physicians Than Hospitals](#)

Insurance Burdens on Physician Practices: [Report: Examining the Real Factors Driving Physician Practice Acquisition](#)

Regulatory Compliance Per Patient Cost: [Report: Proposals to Reduce Medicare Payments Would Jeopardize Access to Essential Care and Services for Patients](#)

NPI and Coding Regulations: [Fact Sheet: Hospital Outpatient Department Billing Requirements](#)

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