American Hospital Association™
Advancing Health in America

Myth vs Fact: Site-neutral Payment Policies

Congress is considering several bills that would impose additional site-neutral payment reductions for services provided in hospital outpatient departments (HOPDs). Some groups continue to push false narratives and share misinformation about the issue. This resource, which includes links to additional information, highlights how site-neutral payment cuts would reduce access to care for patients who rely on essential services at America's hospitals and health systems.

Myth	Fact
Site-neutral payment policies will help patients, especially those in rural areas.	Site-neutral payment cuts would jeopardize access to essential care and services for patients, especially those in rural and other underserved areas. Medicare beneficiaries in rural communities disproportionately rely on HOPDs to meet their increased health care needs. The more rural the county that a beneficiary lives in, the more likely it is that their visits will take place in an HOPD rather than a physician office.
Medicare adequately reimburses hospitals for patient care.	Medicare significantly underpays hospitals for the cost of providing care to patients. On average, Medicare pays only 82 cents for every dollar of hospital care provided to Medicare patients, leaving hospitals with nearly $100 billion in Medicare shortfalls in 2022 alone. As a result, two-thirds of all hospitals reported negative Medicare margins in 2022.
Hospitals and independent physician offices provide the same benefits to their communities.	Hospitals and health systems invest significant resources to ensure they are able to provide essential benefits to their communities. This includes maintaining standby capacity for natural disasters, public health emergencies and unexpected traumatic events, as well as delivering 24/7 emergency care to all patients, regardless of their ability to pay. Hospitals also provide special service capabilities that are not available elsewhere like burn units, neonatal care and critical care services.
Hospitals and other outpatient sites of care are held to the same regulatory requirements.	Since HOPDs are extensions of the main hospital, they are held to higher regulatory and safety standards than other outpatient care settings, including more stringent safety codes and strict Joint Commission standards. Hospitals do not receive any funding to maintain compliance with all these additional requirements.
Hospitals are disproportionately acquiring physician practices to take advantage of higher reimbursement rates.	Hospitals do not receive higher Medicare reimbursements for newly acquired physician practices because Medicare already is required to pay HOPDs acquired after 2015 at a reduced, site-neutral rate for nearly all services they furnish. As most physicians are now choosing to become employed rather than operate their own practices due to increased costs and burdens, non-hospital entities like large physician groups and health insurers have actually acquired the vast majority (90%) of physician practices over the last five years.
Hospitals and independent physician offices provide care for the same types of patients.	HOPDs provide convenient access to care for the most vulnerable and medically complex patients in their communities. Compared to other care settings, HOPDs are more likely to treat Medicare patients who have more chronic and severe conditions, have been recently hospitalized or in an emergency department and are dually eligible for Medicare and Medicaid. These patients — who are more expensive to care for — rely on HOPDs for their increased health care needs.
All drug administration sites provide the same standard of care.	HOPDs provide a higher standard of care for drug infusion services than other sites of care. Hospitals are required to take important additional steps to make certain that drugs are prepared and administered in a safe manner for both patients and providers, including remaining in compliance with important safety standards such as those required by the Food and Drug Administration, U.S. Pharmacopeia, and The Joint Commission.
Hospitals use dishonest billing practices to obfuscate where services are performed.	Hospitals and other providers bill according to federal regulations, which require them to bill all payers in a manner that clearly indicates the location of where a service is provided. Proposals to require each off-campus HOPD to be assigned a unique identifier as a condition of payment are duplicative, unnecessary, and would be administratively burdensome and costly to hospitals.