

# GREATER NEW YORK HOSPITAL ASSOCIATION

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Congressional staff:

It is GNYHA's understanding that a version of H.R. 5378, the Lower Costs, More Transparency Act of 2023, may be considered on the House floor in the coming days.

While GNYHA supports some of the bill's provisions, including the elimination of the Medicaid Disproportionate Share Hospital (DSH) cut, **we strongly oppose the bill's major Medicare "site-neutral" cut to hospital outpatient department reimbursement.**

We respectfully request that you urge House leadership to remove these Medicare site-neutral cuts from the legislation before bringing it to the floor for consideration.

**Cuts to hospitals are cuts to patient care.** Hospitals are a critical safety net for underserved communities and ensure that the sickest, most vulnerable patients can access care where it may not otherwise exist. New York's hospitals are grappling with mounting financial challenges, Medicare and Medicaid reimbursement far below the cost of care, and challenging labor shortages. Cutting reimbursement to hospital outpatient departments will accelerate hospitals' financial challenges and could force essential providers to reduce services.

Our comments on sections of the bill relevant to GNYHA member hospitals are below.

## **Medicare Site-Neutral Cuts**

GNYHA strongly opposes the bill's Medicare site-neutral cuts for drug administration services in off-campus hospital outpatient departments starting in 2025. This dangerous cut will reduce payments to hospitals by more than \$3 billion over 10 years. We project that the site-neutral proposal in H.R. 5378 would cut New York hospitals by \$40 million annually, a disproportionate share of the annual national cut.

Site-neutral cuts reflect a fundamental misunderstanding of how hospitals operate and disregard the higher costs of providing care in a hospital setting. Hospitals receive a higher reimbursement rate because they are open 24/7, care for medically complex and underserved patients, and comply with myriad regulatory requirements that do not apply to physician offices. Hospitals serve every patient that walks through their doors and their outpatient services are a lifeline for communities with scarce health care options.

New site-neutral policies would erode hospitals' already thin margins as they struggle to recover from the pandemic. GNYHA estimates that New York hospitals had a median operating margin of -2.5% in 2022. Coupled with the financial challenges of existing site-neutral policies, extending these cuts to drug administration services will further jeopardize hospitals' ability to sustain outpatient services.

## **Medicaid DSH**

GNYHA strongly supports eliminating the Medicaid DSH cuts for fiscal years (FYs) 2024-25. Medicaid DSH payments ensure that financially struggling safety net hospitals can continue to serve low-income and uninsured patients. If the scheduled DSH cuts go into effect, New York State alone would absorb approximately 17% of the national reduction—a catastrophic \$1.4 billion annual loss that could force many of our struggling voluntary and public hospitals to reduce services or even close their doors for good.



*GNYHA is a dynamic, constantly evolving center for health care advocacy and expertise, but our core mission—helping hospitals deliver the finest patient care in the most cost-effective way—never changes.*

**Price Transparency**

**Price Transparency Requirements for Hospitals and Ambulatory Surgery Centers**

The bill “codifies” and expands the Federal hospital price transparency rule. It requires hospitals to make public all standard charges for all items and services through machine-readable files as well as payer-specific negotiated charges, including for cash-paying patients, for at least 300 “shoppable services.” It also clarifies that price estimator tools no longer meet the user-friendly shoppable services requirement stipulated in the Federal rule. The bill also extends price transparency requirements to include ambulatory surgery centers.

GNYHA believes the legislation’s changes to the shoppable services requirement would penalize hospitals that have invested significant resources developing price estimator tools that comply with the regulation. It would impose a significant burden on hospitals’ staff and resources to realign their existing posted data with a new format. The legislation also raises the maximum penalty for noncompliance to \$10 million, a staggering increase from the regulation’s \$2 million maximum that could push noncompliant hospitals past their financial brink.

The existing Federal price transparency rule is working. According to the Centers for Medicare & Medicaid Services, 70% of US hospitals fully complied with the rule one year after its implementation. Targeting hospitals by imposing additional burdensome reporting requirements will not help patients or their loved ones make important health care decisions.

**Requiring a Separate Identification Number and an Attestation for Each Off-Campus Outpatient Department of a Provider**

The bill requires each off-campus outpatient department of a Medicare provider to obtain and include a national provider identifier on billings for claims for services.

GNYHA opposes this provision. It imposes enormous administrative burdens on hospitals that are already subject to provider-based requirements, with potential recoupments if they are found to be out of compliance. The existing requirements are sufficient to ensure that providers remain in compliance.

**Health Care Workforce**

The bill extends the Community Health Center Fund through calendar year (CY) 2025 at \$4.2 billion per year and the National Health Service Corps through CY 2025 at \$350 million per year. It also extends the Teaching Health Center Graduate Medical Education Program (THCGME) for FYs 2024-29, beginning at \$175 million in FY 2024 and increasing to \$275 million in FY 2029. It allows the Health Resources and Services Administration to use carryover funds for the THCGME program for FYs 2024-25.

GNYHA supports funding for Community Health Centers, the National Health Service Corps, and THCGME.

Thank you for considering our thoughts on this potential legislation. If you have any questions, please contact me.

Jon