

GREATER NEW YORK HOSPITAL ASSOCIATION

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December 20, 2023

The Honorable Elise Stefanik
U.S. House of Representatives
Washington, D.C. 20515

Dear Congresswoman Stefanik:

I am writing to express Greater New York Hospital Association's (GNYHA) strong opposition to the Medicare "site-neutral" cut to hospital outpatient departments (HOPDs) in the House-passed Lower Costs, More Transparency Act of 2023 (H.R. 5378). The bill cuts Medicare payments to HOPDs by more than \$3 billion over 10 years, with New York hospitals receiving the largest cut at over \$40 million per year. This would worsen New York hospitals' severe financial challenges, jeopardize their ability to offer outpatient services, and significantly disrupt patient access to care.

As you negotiate a final health care bill, I urge you to reject the House bill's site-neutral cut to HOPDs. (By contrast, GNYHA strongly supports H.R. 5378's delay of a looming Medicaid disproportionate share hospital [DSH] cut.)

Site-neutral cuts reflect a fundamental misunderstanding of how hospitals operate and the higher costs they incur to deliver care. Hospitals receive a higher reimbursement rate than other providers 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. They do not turn away patients and they provide wraparound services that freestanding physician offices do not. The higher reimbursement rates for HOPDs have long and appropriately reflected the costs of such compliance.

Proponents of site-neutral policies rely on the false assumption that freestanding physician offices and HOPDs offer the same services to the same patient population. In reality, New York hospitals' outpatient services ensure that the sickest, most vulnerable patients can receive care where it may not otherwise exist. HOPD patients are more likely to be Medicare or Medicaid beneficiaries, or dual-eligibles; low-income; patients of color; chronically ill, with an increased chance of multiple comorbidities; and recently or frequently seen in a hospital setting. If our hospitals are forced to reduce or close outpatient services, communities with scarce health care options and patients in urgent need of comprehensive care will disproportionately suffer.

Congress must fix chronic government underpayments for Medicaid and Medicare patients, not exacerbate them. Ongoing financial pressures made worse by the COVID-19 pandemic have pushed many New York hospitals to their financial brink. Nearly 30 hospitals on a New York State "watch list" are at risk of imminent closure. GNYHA estimates that New York hospitals had a median operating margin of -2.5% in 2022. The House bill's site-neutral cuts will further erode their already dangerously thin margins.



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.

Since H.R. 5378's introduction, GNYHA and our member hospitals have stressed that the Medicare site-neutral cut is an unnecessary, inappropriate "offset" to avert the catastrophic Medicaid DSH cut. Our members know firsthand that site-neutral cuts would only corrode the health care safety net that Congress protects through the Medicaid DSH program. We have offered numerous times to work with Congress to prevent the DSH cut without compromising essential hospital services. Investments in health care should not come at the expense of the providers delivering it.

We have kept our message clear and consistent: any cuts to hospitals are cuts to patient care. Hospitals are emerging from the pandemic facing enormous financial and workforce challenges that put vital patient services at grave risk. We fear that the site-neutral cut the House passed last week is only the beginning of a relentless attack on providers from which the hospitals serving your district may not recover.

As the House and the Senate develop compromise legislation, GNYHA stands ready to work with you to ensure the final legislation pursues policies that sustain our health care delivery infrastructure and invest in the nation's future health needs.

Thank you.

Sincerely,

A handwritten signature in black ink, appearing to read 'K. Raske', written over a diagonal line that extends from the bottom left towards the center of the page.

Kenneth E. Raske

President