

February 19, 2016

The Honorable Fred Upton
Chairman
Committee on Energy and Commerce
U.S. House of Representatives
2125 Rayburn House Office Building
Washington, DC 20515

The Honorable Joseph Pitts
Chairman, Subcommittee on Health
Committee on Energy and Commerce
U.S. House of Representatives
2125 Rayburn House Office Building
Washington, DC 20515

RE: Committee on Energy and Commerce Comment Request about Medicare Site-Neutral Payment

Dear Chairman Upton and Subcommittee Chairman Pitts:

On behalf of its 149 member hospitals, the Missouri Hospital Association offers the following response to your request for comments regarding Medicare's site-neutral payment policies affecting off-campus hospital outpatient departments.

As you know, section 603 of the Bipartisan Budget Act of 2015 imposes new restrictions on Medicare payments to off-campus hospital outpatient departments as defined in the legislation. While there are legitimate debates to be had about the underlying policy, what rankles about section 603 is that it imposed without warning a new and unexpected payment rubric on projects that already were in the works. Those projects were planned and implemented by hospitals under the premise that a set of Medicare payment standards would be in place, at least for the near-term. While Congress has the power to change its policies, it creates unnecessary mayhem when a new bill is unveiled and enacted within a span of three days and the payment change affects billing status as of the date of enactment. The precedent that Congress reiterates by this type of indifferent action will further squelch future hospital interest in investing in initiatives to provide greater or more convenient access to outpatient care for their patients. Once burned, twice shy, as it were.

There are at least three off-campus hospital outpatient department capital development projects in Missouri which were in development and affected by section 603. The solution? Revise this law to broadly and clearly define projects to be considered as under development and "grandfather" them from the payment reductions. While this will reduce the savings scored by the underlying legislation, the effect is projected to be modest, if not trivial. Your letter soliciting comments asks that any suggested changes be accompanied by assurances that they are

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budget-neutral. Distributing that incremental cost to hospitals is one possible way to accomplish this. However, doing so may inflict injury more by its unfairness than by its magnitude. Congress created this “under development” problem by its oblivious action; Congress should fix it.

More broadly, MHA urges the committee to consider in its future deliberations the potential broader effects of site-neutral payment standards. While expenditures from the Medicare Trust Fund may be reduced, the real effect may not be to curtail costs but evade them, leaving them to be cost-shifted to private payers. To the extent that higher payments to off-campus hospital outpatient departments are needed to offset the costs of providing hospital services that Americans expect but are not willing to pay for, cutting them only exacerbates the problem. As is well-documented, Medicare already pays hospitals significantly less than the costs incurred in treating Medicare patients.

Sincerely,

A handwritten signature in black ink, appearing to read "D. Landon", with a long horizontal flourish extending to the right.

Daniel Landon
Senior Vice President of Governmental Relations

dl/drd