

## New AHA Report Highlights Value of Hospital Outpatient Departments and Danger of "Site-Neutral" Payments

A new report by KNG Health commissioned by the American Hospital Association shows the valuable role hospital outpatient departments (HOPDs) play in providing care to medically underserved populations, including those who are sicker and have lower incomes.

The [report](#) looked at fee-for-service Medicare data of a sample of patients seen at HOPDs, independent physician offices (IPOs) and ambulatory surgery centers (ASCs) between 2019 and 2021. It concluded patients treated in HOPDs had higher needs compared to other settings because of social determinants of health and higher clinical complexity. Among the findings of Medicare beneficiaries served were:

- HOPD patients were almost two times as likely to be dually eligible for Medicare and Medicaid, indicating both a higher rate of poverty and/or a long-term disability.
- HOPD patients were almost two times as likely to have a major complication or comorbidity as defined by the Centers for Medicare and Medicaid Services (CMS), indicating the need for more intense staffing to manage chronic conditions.
- HOPD patients were more than two times as likely to have had an emergency department or hospital inpatient stay in the last 90 days, indicating the need for more resources to care for these patients.

The report appears to have major implications as [Congress is said to be considering more site-neutral payment policies in Medicare](#). This refers to cutting Medicare payments at HOPDs by paying them at the same Medicare rates as IPOs or ASCs. [WHA has consistently advocated against site-neutral payment policies](#) that come out of Washington, and even CMS has acknowledged the logical rationale for paying HOPDs higher Medicare rates to account for the higher overhead costs, legal obligations and regulatory standards they must bear.

"What proponents of site-neutral payment policies continue to ignore is that settings such as independent physician offices or ambulatory surgery centers have the luxury of denying care to Medicare, Medicaid and uninsured patients or closing down on the nights and weekends when it's not convenient or profitable to operate. Hospitals that run 24/7/365 safety net do not have this option. They are always open and always providing care to the most severely ill patients who desperately need it, whether they can pay the bill or not," said WHA President and CEO Eric Borgerding. "Hospitals are already grappling with difficult decisions to cut unprofitable service lines as they [continue to experience negative operating margins](#) due to severe staffing and inflationary pressures, and more payment cuts from Medicare would only exacerbate these challenges."

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