

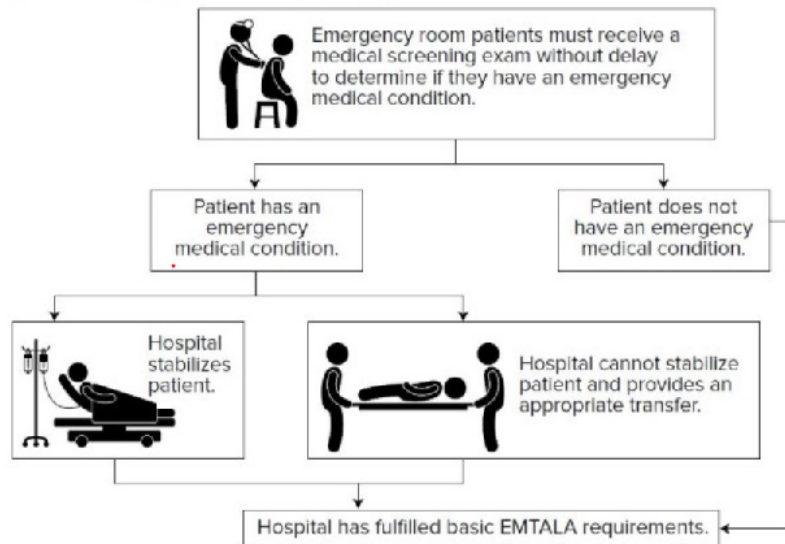
SITE-NEUTRAL PAYMENTS

THE SOLUTION

STOP site-neutral payment policies. PROTECT Medicare.

Hospitals with emergency departments are legally bound to treat patients in an emergency room setting. This is EMTALA. The basic EMTALA requirements are below.

FIGURE. Basic EMTALA Requirements



Hospitals are required to equip and staff departments to diagnose and treat whoever may come through the door regardless of their condition and ability to pay. This makes running a hospital expensive - more expensive than running a clinic or primary care physician's practice that has far less overhead and is not open 24/7.

Medicare reimbursement continues to be a challenge for Kansas hospitals. Statewide, the Medicare margin has varied from a low of -6.1 percent to a high of -4.8 percent. That means even without the two percent sequestration reduction, Medicare is not covering the cost of providing care to beneficiaries in Kansas. Such shortfalls in Medicare significantly threaten hospitals' financial viability. We ask for an end to sequestration and improvements to CMS rate setting calculations that reflect real-time cost drivers like inflations, supply shortages and staffing costs.



HEALTH CARE PRICE TRANSPARENCY ACT AND SIMILAR BILLS

In the previous Congress, H.R. 5378, the Lower Costs, More Transparency Act, and similar bills would begin "site-neutral" Medicare cuts in 2026. While the cuts would apply to off-site hospital outpatient departments, they would have a large impact on rural, regional hospitals as they try to minimize patient drive time over a wide catchment area.

Continued ...

FEDERAL: SITE-NEUTRAL PAYMENTS CONTINUED ...

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THE SOLUTION:
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HEALTH CARE PRICE TRANSPARENCY ACT AND SIMILAR BILLS CONTINUED ...

In fact, H.R. 5378 implicitly acknowledges this imbalance by delaying the implementation of such cuts by one year. In general, these proposals fail to acknowledge the profound difference in scale, scope and quality of services between a hospital and other provider types.

KHA opposes any proposal that caps Medicare reimbursements to hospitals at rates reserved for clinics and providers who do not have to meet hospitals' incredibly high legal and care standards.

NOT PROBLEM SOLVING, PROBLEM SHIFTING

The insurance industry is trying to build momentum for a proposal that would apply such "site-neutral" cuts to the private marketplace, cramming government solutions into contract negotiations between them and hospitals. The insurance industry claims they can save \$8 billion in health care costs if Congress tilts private contracts between hospitals and insurance carriers toward insurers. The truth is that the costs will remain, but hospitals will be forced by federal law to shoulder them all. KHA opposes these attempts to alter the private health care marketplace in favor of insurance companies.

A CONGRESSIONAL SOLUTION

Vote against funding policies that implement site-neutral payments for hospitals, as well as policies that would create fixed payment rates from private insurers. Site-neutral payments would reduce access to critical health care services across Kansas communities.

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