



The Hospital + Healthsystem
Association of Pennsylvania

Leading for Better Health

September 18, 2023

Dear Members of the Pennsylvania Congressional Delegation:

On behalf of more than 235 hospitals and health systems, I write to express my concern about the Lower Costs, More Transparency Act (H.R. 5378). While H.R. 5378 would avert devastating Medicaid Disproportionate Share Hospital (DSH) cuts, we are disappointed that the legislation would cut payments to hospitals for the administration of drug services furnished in hospital-based off-campus departments. The implementation of these Medicare cuts would undermine the ability of hospitals and hospital outpatient departments to care for their communities and their most vulnerable patients.

Pennsylvania hospitals are fighting for financial recovery after devastating losses during the pandemic, record inflation, and workforce shortages. We are deeply concerned about the negative impact that Medicare site-neutral payment policies would have on hospital outpatient departments (HOPDs) and access to care for lower-income older adults. Expanding Medicare's site-neutral payment policy will tip fragile hospitals into financial insolvency and force others to eliminate services, reducing access for many beneficiaries.

Site-neutral payment policies do not reflect the level of care offered in hospitals and hospital outpatient departments. These facilities provide complex care, to the most vulnerable patients, and face additional rules with which they must comply. Further, because of their safety-net role, these facilities have more comprehensive licensing, accreditation, and regulatory requirements than independent physician offices and ambulatory surgery centers. The costs related to supporting this level of care must be reflected in Medicare's payment rates.

We appreciate that the legislation considers how essential Medicaid DSH funding is to Pennsylvania's safety-net hospitals. The Pennsylvania delegation has been a leader in supporting letters and legislation calling for a delay of the scheduled Medicaid DSH cuts. We urge you to preserve these crucial Medicaid DSH payments without imposing site-neutral or any hospital payment cuts to offset this or any other legislative priority.

Sincerely,

A handwritten signature in blue ink that reads 'Nicole Stallings'.

Nicole Stallings