ALLIANCE of SAFETY-NET HOSPITALS

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Site-Neutral Payment Policies Will Create Barriers to Health Care in Rural and Underserved Communities

The *Alliance of Safety-Net Hospitals* (ASH), a group of community safety-net hospitals that serve economically disadvantaged and underserved communities, to express our views on selected aspects of the Lower Costs, More Transparency Act (H.R. 5738).

First, we enthusiastically support the provision in H.R. 5738 that would delay scheduled cuts in Medicaid disproportionate share hospital payments (Medicaid DSH) for two years.

Medicaid DSH is a vital tool for helping community safety-net hospitals serve their low-income, uninsured, and underinsured patients and we greatly appreciate the proposed two-year delay in the scheduled $16 billion in Medicaid DSH cuts.

Second, ASH opposes provisions in H.R. 5738 that would introduce site-neutral Medicare payments for services provided in hospital outpatient departments.

Mission-driven safety-net hospitals such as ours are fundamentally different from the typical American hospital, serving where the need is greatest, not where the revenue potential is most appealing.

Because few physicians find it economically feasible to set up their private practices in underserved communities, community safety-net hospitals accept the responsibility to establish medical practices there: to build, equip, and manage clinics and to hire physicians and other health care practitioners to work in them.

Safety-net hospitals that establish community outpatient clinics give health care providers a reason to choose to work in underserved rural and inner-city communities – and the investment needed to make such clinics possible is funded and then sustained in large part by the payments Medicare makes to hospital-based outpatient departments, which are greater than those Medicare makes to independent medical practices.

Take away that additional funding, as H.R. 5738 proposes, and in many cases and in many places, both rural and urban, those facilities will no longer be feasible – not even for mission-driven community safety-net hospitals.

Instead, ASH urges a more nuanced approach: an approach that recognizes that all providers are not the same, that some have a different, special mission, and that some need, and deserve, additional support from Medicare to ensure that they can fulfill that special mission.

One potential solution would be for Congress to amend the provision in H.R. 5738 equalizing Medicare outpatient payments to exclude objectively identified safety-net hospitals from such a policy. Further, we ask Congress to establish as the sole criterion for this exclusion all hospitals that meet the requirements of the current federal definition of a Medicaid disproportionate share (Medicaid DSH) hospital.

Unless safety-net hospitals are protected from Medicare site-neutral payment provisions, individuals living in rural and inner-city underserved communities will lose access to health care.

If you have any questions about ASH's concerns or proposed solutions, please contact Kate Finkelstein, Director of Government Relations *kate@safetynetalliance.org*.