

September 15, 2023

The Honorable Kevin McCarthy
Speaker
United States House of Representatives
Washington, DC 20515

The Honorable Hakeem Jeffries
Minority Leader
United States House of Representatives
Washington, DC 20515

Dear Speaker McCarthy and Leader Jeffries:

On behalf of the Association of American Medical Colleges (AAMC), I write to urge you to remove Sections 203 and 204 from the Lower Costs, More Transparency Act before moving it to consideration on the floor. These provisions will disproportionately cut payments and impose burdensome billing requirements on teaching hospitals and health systems. While we appreciate the legislation's investments in key workforce programs and mitigation of impending Medicaid Disproportionate Share Hospital (DSH) cuts, we remain opposed to and deeply concerned about the inordinate, negative impact that Sections 203 and 204 of this legislation will have on our members' patients, communities they serve, and mission-oriented work.

The AAMC (Association of American Medical Colleges) is a nonprofit association dedicated to improving the health of people everywhere through medical education, health care, medical research, and community collaborations. Its members are all 157 U.S. medical schools accredited by the [Liaison Committee on Medical Education](#); 12 accredited Canadian medical schools; approximately 400 academic health systems and teaching hospitals, including Department of Veterans Affairs medical centers; and more than 70 academic societies. Through these institutions and organizations, the AAMC leads and serves America's medical schools, academic health systems and teaching hospitals, and the millions of individuals across academic medicine, including more than 193,000 full-time faculty members, 96,000 medical students, 153,000 resident physicians, and 60,000 graduate students and postdoctoral researchers in the biomedical sciences. Following a 2022 merger, the Alliance of Academic Health Centers and the Alliance of Academic Health Centers International broadened participation in the AAMC by U.S. and international academic health centers.

The AAMC continues to strongly oppose all so-called site-neutral payment policies, as they disproportionately cut payments to teaching hospitals and health systems and disregard the real differences between hospital outpatient departments (HOPDs) and physician offices or ambulatory surgical centers (ASC). **According to our analysis, under Section 203 of the Lower Costs, More Transparency Act, AAMC member teaching hospitals face cuts of more than \$1.2 billion. Despite representing only 7% of hospitals nationwide, AAMC member teaching hospitals and health systems would bear 44% of these cuts.** This is problematic because teaching hospitals and health systems provide complex, coordinated care to the most vulnerable patients, including Medicare beneficiaries, and as such, so-called site-neutral payment policies could significantly reduce access to high-quality care for this population.

HOPDs in teaching health systems incur higher costs of providing care, see a more complex case mix of patients, and provide an essential role in medical education. The HOPD cuts to drug administration services included in the Lower Costs, More Transparency Act would undoubtedly impact access to care for patients and communities and endanger teaching hospitals and health systems' ability to provide and coordinate health care services that are frequently unavailable to under-resourced patients and communities.

So-called site-neutral legislative proposals disregard the fact that the cost of care delivered in HOPDs is fundamentally different from other sites of care. Hospitals must have standby capacity for disasters and public health emergencies, remain open 24/7 to deliver emergency care, and are required to provide care to all patients coming to the emergency room. HOPDs also must comply with greater licensing, accreditation, and regulatory requirements than physician offices. Hospital-based clinics provide services for low-income and underserved patient populations that may not be available anywhere else in the community. Expanding so-called site-neutral cuts could jeopardize access to care for Medicare beneficiaries and all patients, especially the most medically complex.

Although it may be safe for some patients to receive a particular type of service in a freestanding physician's office, it is not safe for all patients. For safety reasons, socially and medically complex patients often receive services in HOPDs, which are better equipped to handle any complications and emergencies that may arise during treatment. For this reason, physicians will often refer their most complex patients to HOPDs for treatment. For example, if a patient suffers from comorbidities, faints during the administration of chemotherapy in a physician's office, or has an allergic reaction to a medication, the next time they undergo the procedure, their physician would most likely recommend that the patient receive care at an HOPD. Given the complexity of the patients treated, as well as additional administrative and regulatory standards HOPDs are held to, it is more expensive for HOPDs to treat patients. Implementing so-called site-neutral policies could result in HOPD closures, thereby reducing access to care for Medicare beneficiaries and other patients who require these services.

HOPDs also play an important role in clinical training for medical students, residents, and other trainees. As a result of these proposed cuts, HOPDs may be forced to reevaluate or cut service lines, which would result in less exposure to primary care and ambulatory services for these trainees, as well as reduced access to care for the patients and communities they serve.

While the AAMC supports transparency in health care, **we are concerned that Section 204 of this legislation would impose additional administrative and financial burdens on our members.** This provision would require both a separate identification number and an attestation for each HOPD. Teaching hospitals and health systems are complex entities that must already dedicate substantial financial resources to billing. This provision would require hospitals to invest additional resources to update their billing and IT systems and reorganize workflows to comply with these new regulations. AAMC member teaching hospitals and health systems are already facing immense financial pressures, therefore complying with additional and unnecessary reporting requirements only stands to further squeeze hospitals and jeopardize patient access to care.

AAMC members face profound financial challenges, including historic workforce shortages, an unprecedented growth in costs, and a potential surge in uninsured patients as states resume Medicaid redeterminations. Given these challenges, **Congress must act swiftly to address these cuts.** We are grateful that Sec. 303 of the Lower Costs, More Transparency Act would eliminate two years' worth of scheduled cuts to the Medicaid DSH program. Absent congressional intervention, these cuts will significantly impact safety-net hospitals' ability to care for Medicaid enrollees, thereby restricting access to care during a critical inflection point for the program. The AAMC continues to urge Congress to address scheduled cuts to the Medicaid DSH program, which supports AAMC-member safety-net hospitals' capacity to care for low-income and under-resourced patients.

The AAMC appreciates also your attention to extending funding for Community Health Centers, the National Health Service Corps, and Teaching Health Center Graduate Medical Education. We remain supportive of these key workforce programs, and applaud the legislation's commitment to investing in their continuation. However, financing the elimination of two years of Medicaid DSH reductions and temporary increases to workforce programs through permanent cuts to HOPDs is counterproductive and dangerously places underserved populations' access to care at risk.

The AAMC urges you to remove Sections 203 and 204 from the Lower Costs, More Transparency Act before House Floor consideration. If you have any further questions, please contact Len Marquez, Senior Director, AAMC Government Relations and Legislative Advocacy, at lmarquez@aamc.org.

Sincerely,



Danielle Turnipseed, JD, MHSA, MPP
Chief Public Policy Officer
Association of American Medical Colleges

CC: David J. Skorton, MD
President and CEO
Association of American Medical Colleges

The Honorable Cathy McMorris Rodgers, Chair, Energy and Commerce Committee
The Honorable Frank Pallone, Ranking Member, Energy and Commerce Committee
The Honorable Jason Smith, Chair, Ways and Means Committee
The Honorable Richie Neal, Ranking Member, Ways and Means Committee
The Honorable Virginia Foxx, Chair, Education and Workforce Committee
The Honorable Bobby Scott, Ranking Member, Education and Workforce Committee