CONNECTICUT HOSPITAL ASSOCIATION

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SITE-NEUTRAL PAYMENT PROPOSALS THREATEN ACCESS TO CARE

"Site-neutral" policies would reduce access to critical healthcare services, especially in underserved communities.

So-called "site-neutral" policies would further decrease reimbursement to Connecticut hospitals, which are only paid less than 60 cents for every dollar of care provided to Medicaid beneficiaries (*after accounting for the taxes they pay to fund the state share of Medicaid services*), and potentially endanger hospitals' ability to provide life-saving care for the thousands of patients who rely on 24/7 access to vital services.

Site-neutral payment policies do not recognize the fundamental differences between hospitals and other sites of care, particularly as hospitals must be readily equipped to:

- Provide emergency care 24/7
- Serve as a safety net provider for vulnerable populations
- Maintain resources needed to respond to emergency situations, surges in illness, and future pandemics

Hospital outpatient departments treat sicker and lower-income patients than other sites of ambulatory care.[1]

Compared to patients seen in independent physician offices or ambulatory surgical centers, Medicare patients seen in hospitals are more likely to be:

- Lower income
- Non-white
- Eligible for Medicare based on disability and/or end-stage renal disease
- Burdened with more severe comorbidities or complications
- Dually eligible for both Medicare and Medicaid
- Previously cared for in an emergency department or hospital setting

Site-neutral payment policies ignore this role.

[1]KNG Health Consulting Report, March 2023

Hospitals already pay more to provide care than they receive in payments. Further cuts would be devastating.

In FY 2023 hospitals and health systems in Connecticut experienced **$1.38 billion** in Medicare losses and **$1.43 billion** in Medicaid losses.

Given Their Unique Role, Hospitals Are Held to Higher Standards Than Ambulatory Surgery Centers and Physician Offices

Regulatory Requirements/Roles	Hospital Outpatient Department	Ambulatory Surgery Center	Physician Office
24/7 Standby Capacity for ED Services	✓		
Backup for Complications Occurring in Other Settings	✓		
EMTALA*	✓		
Uncompensated Care/Safety Net	✓		
Teaching/Graduate Medical Education	✓		
Special Capabilities (burn, trauma, neonatal, psychiatric services, etc.)	✓		
Required Government Cost Reports	✓		
Equipment Redundancy Requirements	✓		
Disaster Preparedness and Response	✓	✓	
Annual Hazard Vulnerability Analysis	✓	✓	
Stringent Ventilation Requirements and Infection Control Codes	✓	✓	
Fire and Life Safety Codes (NFPA 101)	✓	✓	
Essential Electrical System (NFPA 99)	✓	✓	
Evacuation and Relocation and Quarterly Fire Drills	✓	✓	
Infection Control Program	✓	✓	
Quality Assurance Program	✓	✓	
Joint Commission Accreditation	✓	✓	

None of these roles are specifically funded. Instead, hospitals must cover the costs of complying with these requirements through their direct patient care revenue.

*** Emergency Medical Treatment and Labor Act (EMTALA)** requires hospitals with emergency departments to provide a medical screening examination to any individual who requests such an examination, and prohibits them from refusing to examine or treat individuals with an emergency medical condition.