

September 18, 2023

The Health System Alliance of Arizona (the Alliance), which includes Arizona’s largest healthcare provider networks and employers, including Abrazo Health, Banner Health, Carondelet Health, Dignity Health, HonorHealth, and Northern Arizona Healthcare and collectively, represents approximately 80% of hospital-related care in the Arizona, expresses strong concerns with components of [H.R. 5378](#), known as the Lower Costs, More Transparency Act and ask Arizona’s congressional delegation to **OPPOSE any “site-neutral” policies in the bill.**

H.R. 5378 as written, **would cut payments to off-campus hospital outpatient departments (HOPDs)** for drug administration services – by implementing “site-neutral” payment policies for those services. HOPDs – such as hospital-owned clinics that provide complex cancer, pediatric and mental health services – should not be paid the same Medicare rate as a stand-alone physician office. HOPDs treat more patients from medically underserved populations who tend to be sicker and more complex to care for than Medicare patients treated in independent physician offices and ambulatory surgical centers. **Site-neutral payment cuts would reduce access to critical health care services**, particularly in rural and other underserved areas.

Redistributing payments between hospital outpatient departments and physician offices may sound simple, but these proposals fail to account for significant differences between the two settings:

- Hospitals treat sicker, higher-severity patients who need care in a hospital setting
- Hospitals have 24/7 emergency stand-by capacity that provides a safety net for vulnerable patients, and provides specialized services such as trauma, psychiatric, obstetrics, and pediatric emergency care.
- Hospitals play a critical role in our emergency preparedness structure.
- Hospitals have more comprehensive licensing, accreditation, and regulatory requirements.

If these site-neutral policies are enacted, Arizona hospitals stand to lose at least \$31 billion over 10 years with the potential for more. These payment cuts not only impact hospital outpatient integrity differentials as outlined above, but they also impact future health care investment that serve to enhance access to care in our local communities.

Arizona is experiencing some of the highest levels of healthcare worker shortages in the nation while simultaneously being one of the fastest growing states. Arizona is currently the 14th most populated state yet ranks 31st in the nation for physicians per capita. Arizona ranks 42nd in primary care physicians. Arizona also ranks the highest for the greatest need of nurses and is projected to have the highest demand for nurses through 2030. Low numbers of healthcare professionals, including physicians and nurses, greatly impedes access to primary and preventive care services, and risks increased mortalities and morbidities for Arizona citizens. These large cuts to hospitals will greatly impede our ability to invest in the healthcare workforce that is critical to serve Arizona’s growing and aging population.

The Health System Alliance of Arizona asks Congress to take these factors into account as it considers Medicare payment changes and urges members to **oppose attempts to enact site-neutral payment policy changes in H.R. 5378** that would hinder accessibility to quality healthcare and negatively impact the patients and communities in which we serve.