

Excessive Hospital Outpatient Charges Defining the Problem and Universe of Solutions

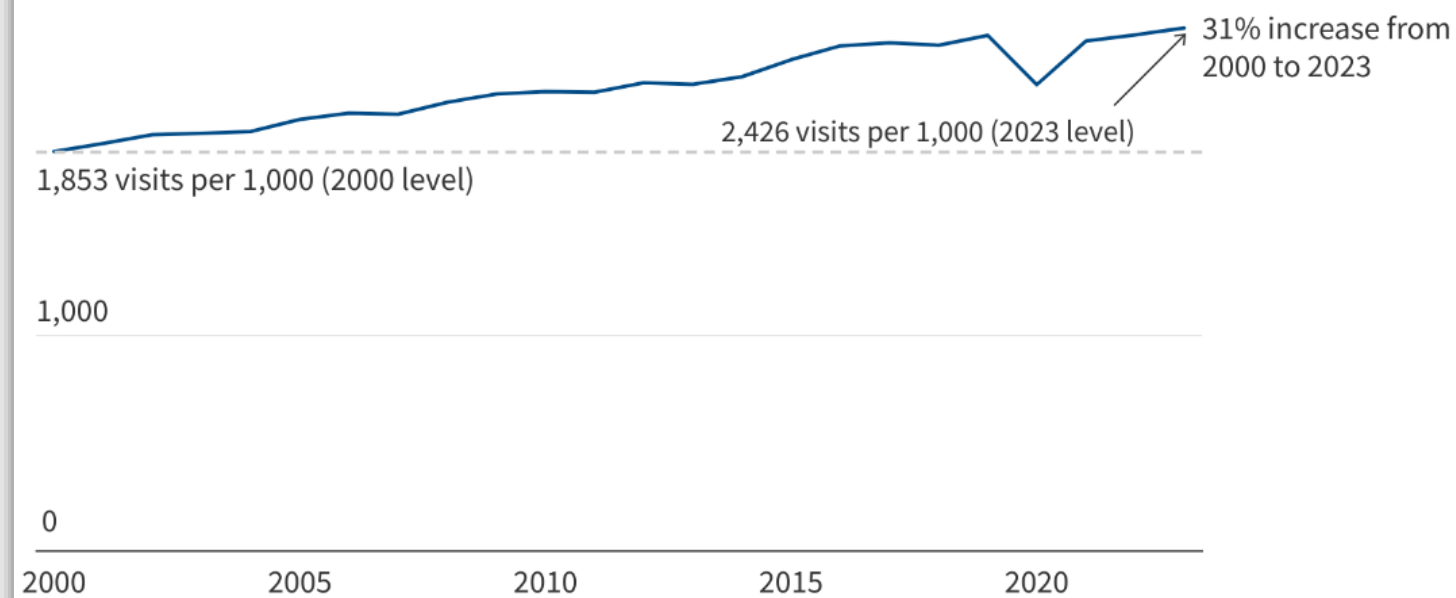
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The Rise of Hospital Outpatient Care

Two shifts in care are bringing more people to hospital outpatient departments (HOPDs).

While Hospital Inpatient Utilization Has Decreased Over Time, Hospital Outpatient Utilization Has Increased

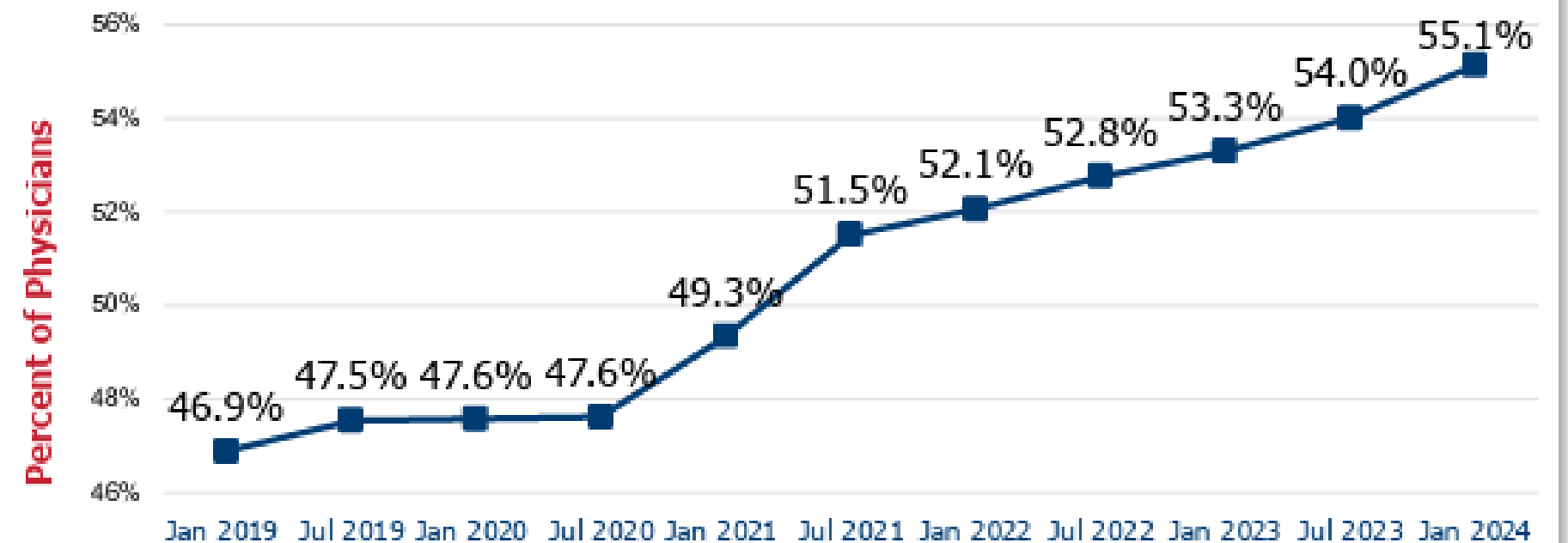
Hospital outpatient visits per 1,000 people, 2000-2023



Note: Analysis of community hospitals. Excludes hospitals in U.S. territories.

Source: [Levinson Z et al., "Key Facts About Hospitals," KFF \(Feb. 19, 2025\)](#)

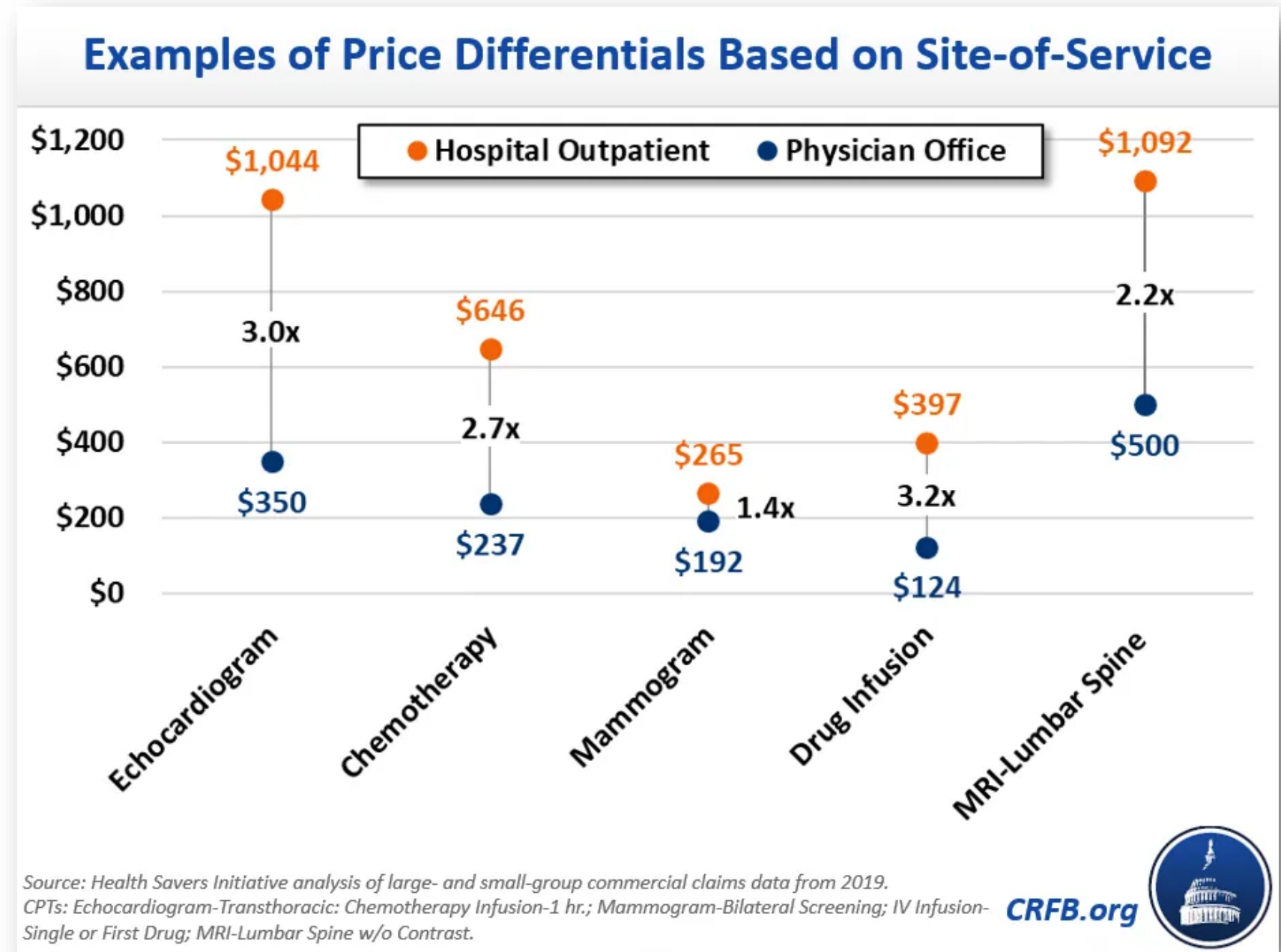
PERCENT OF U.S. PHYSICIANS EMPLOYED BY HOSPITALS/HEALTH SYSTEMS IN 2019-23



Source: ["Updated Report: Hospital and Corporate Acquisition of Physician Practices and Physician Employment 2019-2023," Avalere Health \(Apr. 2024\)](#)

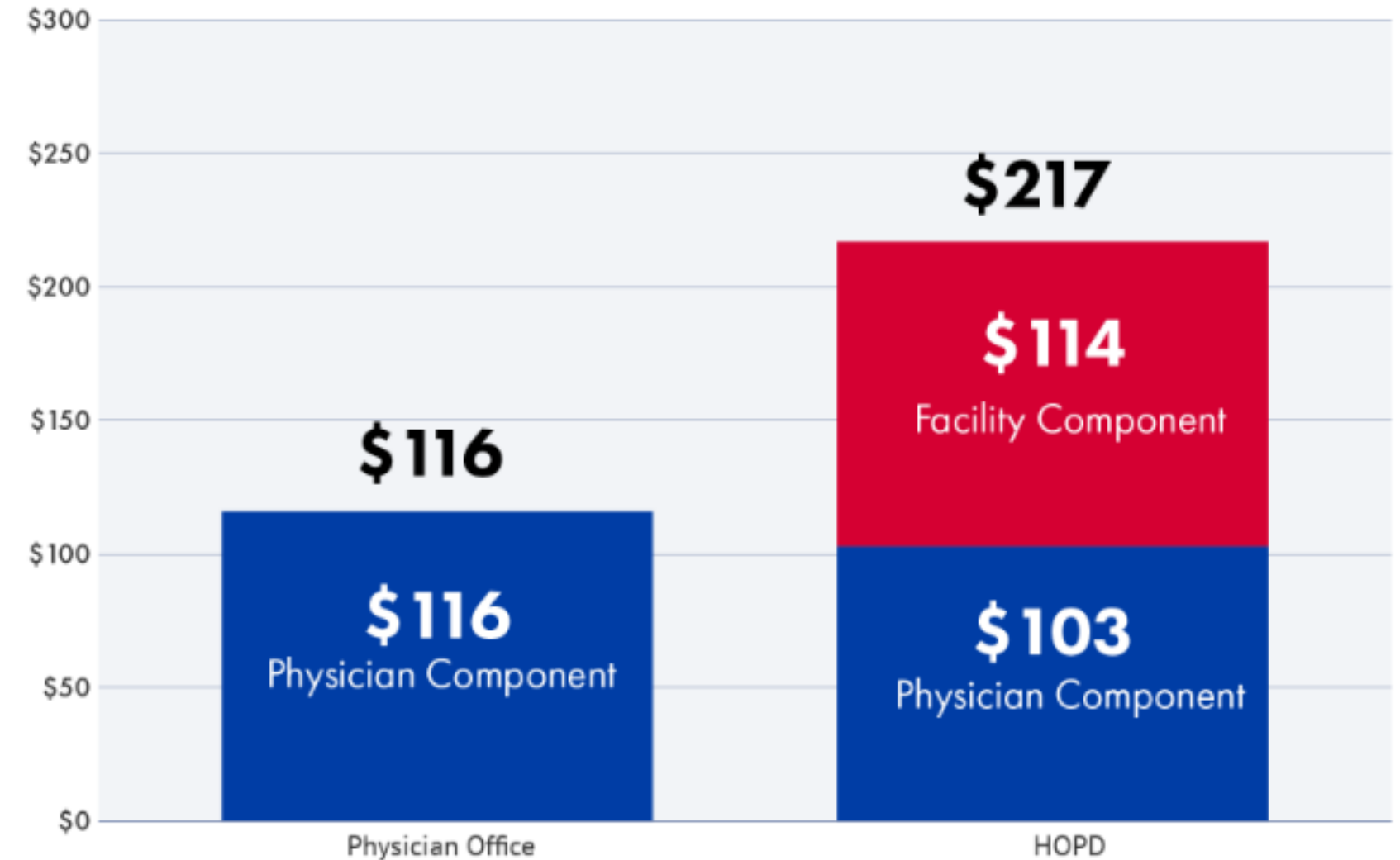
Higher Spending at HOPDs

HOPDs/hospital-affiliated providers are more expensive than independent physician offices for the same service.



Split Billing

Split billing (or “provider-based” billing) at HOPDs means separate charges from the hospital and professional, and higher total spending

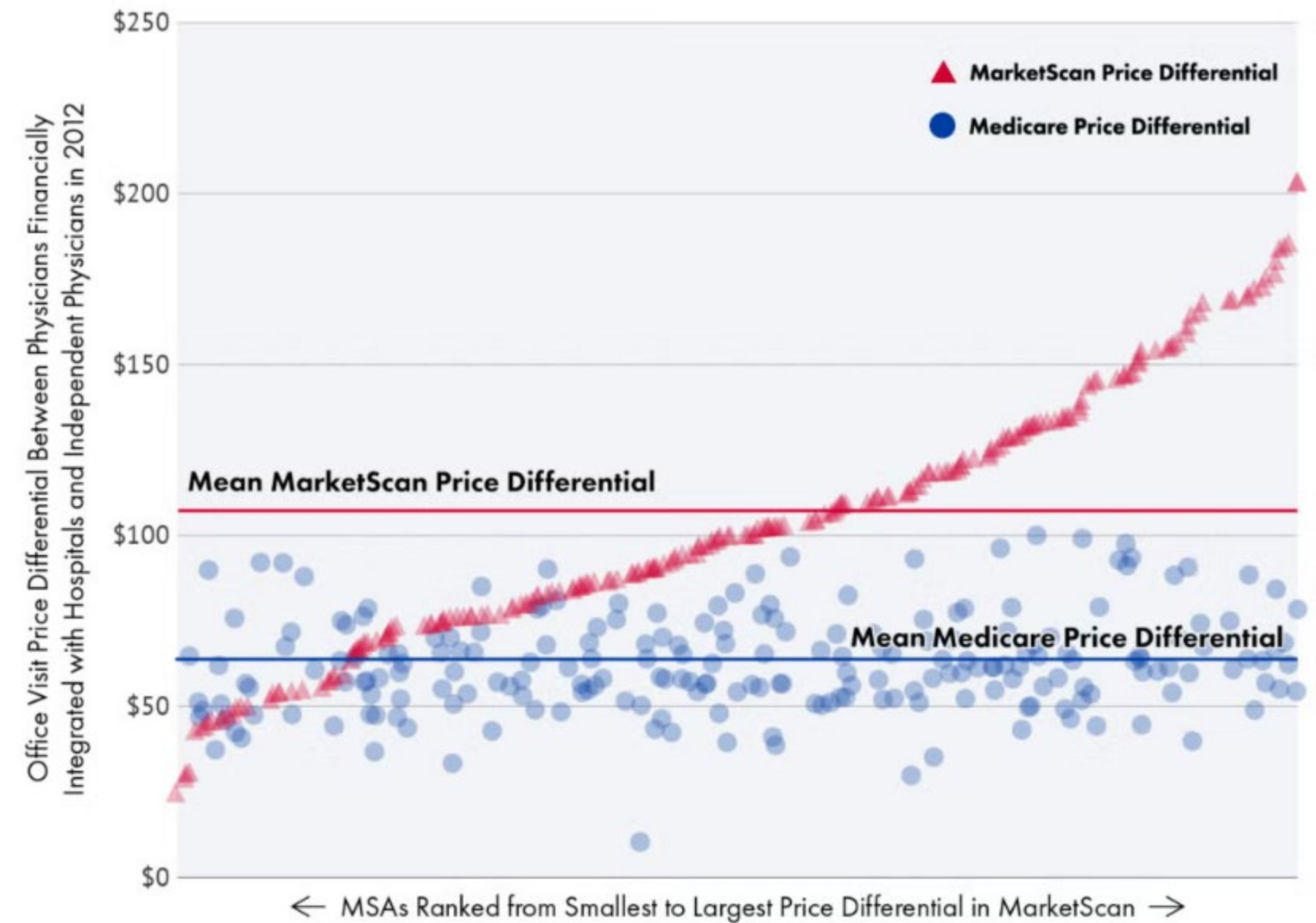


Average Spending on Primary Care Office Visits

Source: [Gordon BS, Martin K, “Facility Fees: What Are They and How Do They Impact Health Care Prices?,” HCCI \(May 6, 2025\)](#)

Market Power

Split billing happens in both Medicare and the commercial market, but price differences between HOPDs and physician offices vary more significantly and overall are much higher in the commercial market due to market forces.



Source: [Neprash HT, Chemew ME, Hicks AL, et al. "Association of Financial Integration Between Physicians and Hospitals with Commercial Health Care Prices." JAMA Internal Medicine 2015;175\(12\):1932-1939](#)

Consequences

- More vertical integration
- Greater total spending
- Heightened consumer out-of-pocket exposure
- Consumer surprise
- Potential access problems

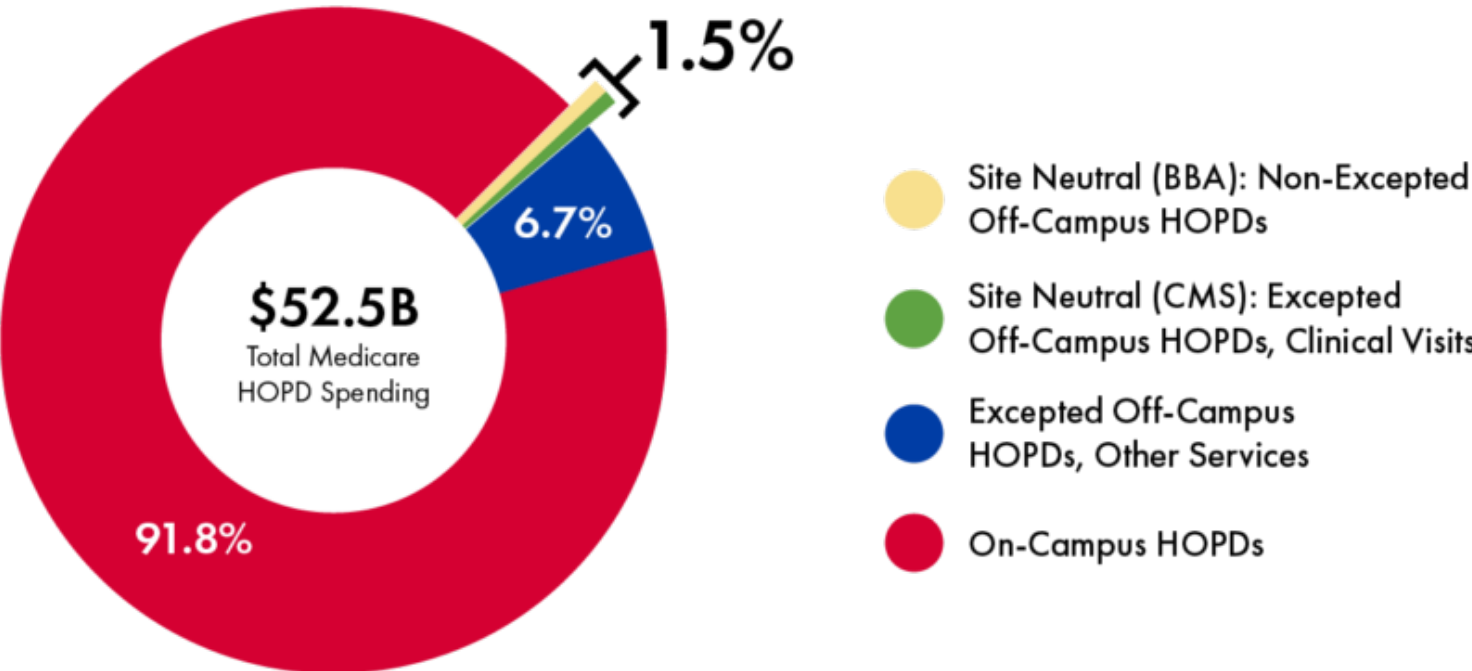


Medicare Site-Neutral Payment Reform

Through congressional and agency action, Medicare has eliminated the site-of-service differential for small portion of HOPD spending

MedPAC recommends expanding site-neutral payments for all outpatient services that can be safely and effectively provided in an independent setting.

\$807 Million (1.5%) of Annual Medicare HOPD Spending Was Site Neutral in 2022

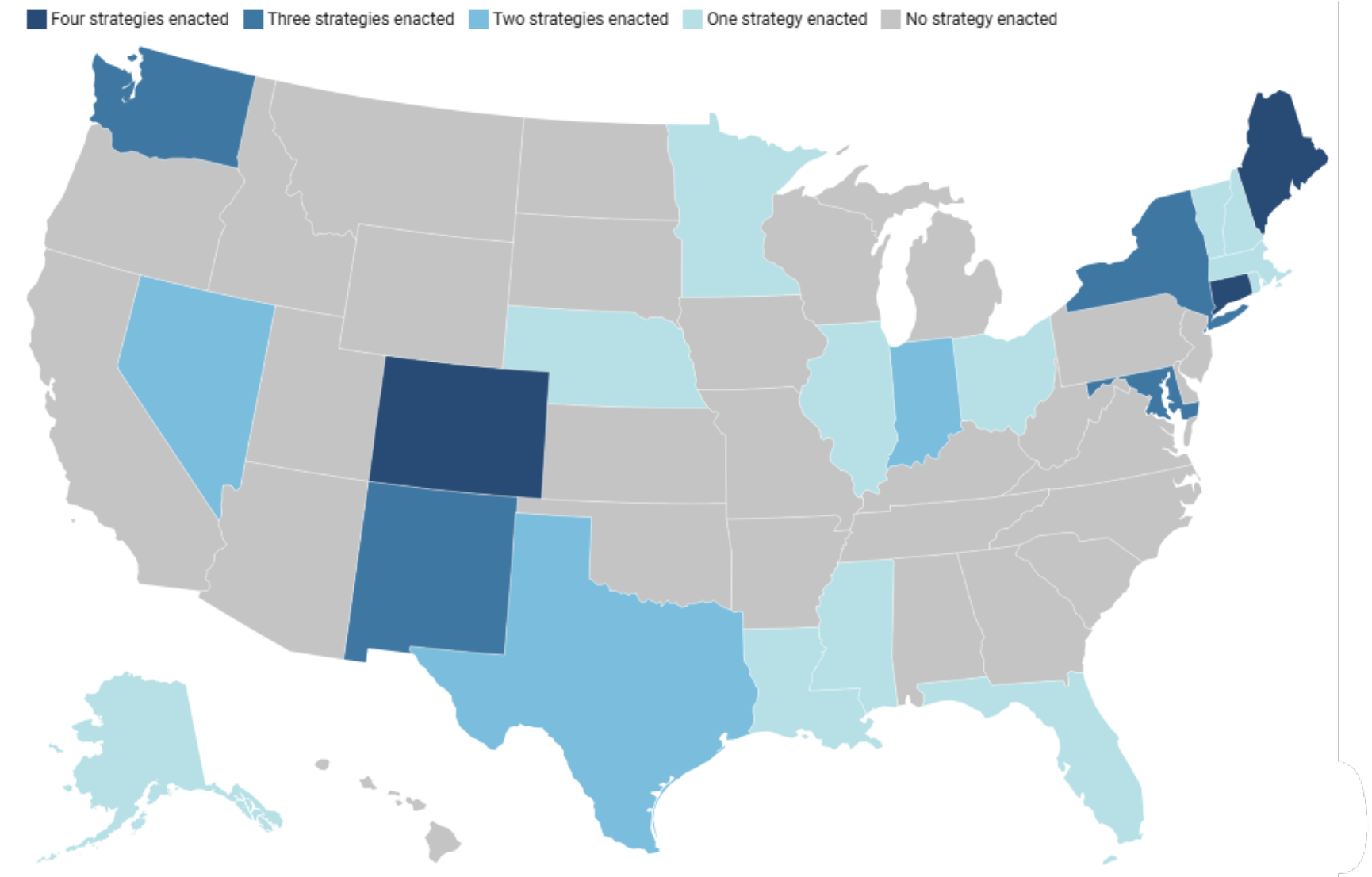


Source: [Bulat T, Brake R, "Sizing Medicare Off-Campus Hospital Outpatient Department Site Neutrality Proposals," Actuarial Research Corporation \(Jan. 3, 2024\)](#)

Commercial Facility Fee Reforms

States have enacted a variety of reforms

- Facility fee billing bans
- Patient billing protections
- Billing transparency
- Public reporting requirements/studies
- Consumer notification requirements



Find out about your state laws here: <https://facilityfeereform.chir.georgetown.edu/>

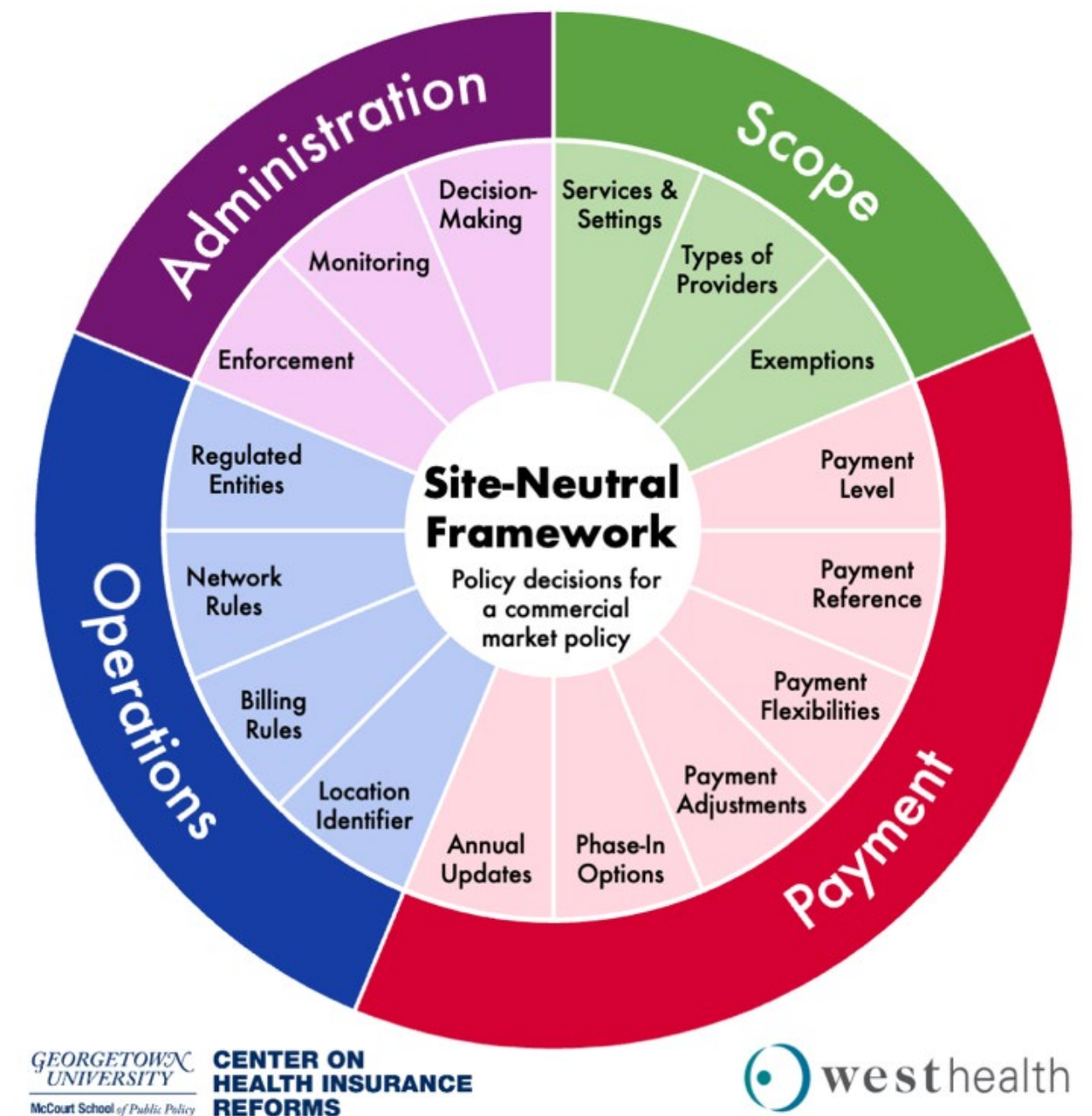
On the Horizon: Commercial Site-Neutral Payment

Example legislation

- New York Fair Pricing Act (A2140/S705)
- NASHP Site-Neutral Payment Model Legislation

Learn more at

<https://chir.georgetown.edu/site-neutral-payment/>



Alignment with Health Care Affordability and Mitigation (B) Working Group Topics

- Examine horizontal or vertical integration in health care, including using medical loss ratio data
 - Study facility fee billing / site of service differentials, their relationship with vertical integration, and the role different reforms can play in limiting or mitigating consumer harm from vertical integration
- Adopt reference-based pricing
 - Consider commercial site-neutral payment reform proposals, which may use Medicare or other public fee schedules as a benchmark.
- Enhance price transparency
 - Examine billing transparency laws, and public reporting requirements and consumer notification/disclosure rules for outpatient facility fees across the states.