

Summary of [Dobson | DaVanzo Analysis](#)

Impact of Medicare Site Neutral Payment Cuts on All Hospitals

With legislation pending to impose Medicare site neutral payments cuts on hospitals, [Dobson | DaVanzo](#) reviewed Medicare claims data from CY 2022 for 3,876 short-term acute care hospitals in the US to determine the impact of site neutralizing Medicare payments in three separate proposed policy changes:

- off-campus Hospital Outpatient Department (HOPD) payments only
- on-campus HOPD payments only
- MedPAC's 57 Ambulatory Payment Classifications (APCs)

At A Glance:

Payments to hospitals for off-campus HOPDs would be cut in every single state and the District of Columbia. All states, DC and Puerto Rico would be impacted by cuts to on-campus HOPDs or the MedPAC 57 APCs.

By region, East North Central and South Atlantic face the biggest cuts under each proposal.

States facing the biggest cuts for off-campus HOPDs: California, New York, Ohio, Pennsylvania, Michigan, Massachusetts, North Carolina, Florida, and Illinois.

In the aggregate, the dollar amounts of the cuts for hospitals in large urban (50,000+ people) and smaller urban regions is greater than for hospitals in rural areas. But rural hospitals would feel the cuts – for example, Trinity Hospitals in North Dakota, a 251-bed hospital in Minot, would incur the single largest cut of any rural hospital (for off campus HOPD) at \$11.5M.

The cuts would not be distributed evenly among hospitals – The 200 hospitals facing the greatest cuts would see a total reduction of almost 65% of the total off-campus HOPD cuts

Of the top 20 hospitals facing off-campus HOPD cuts, 17 are academic medical centers providing training opportunities for medical students and residents.

Absent budget neutrality, these cuts eliminate crucial funds from hospitals, forcing additional hard choices about which services and/or facilities to restrict or eliminate.

The \$2 billion in cuts to off campus HOPD payments is just the beginning of what will be a cascading impact. Medicare Advantage, now 50% of Medicare payments, would impose comparable cuts, as required under current law, adding another \$2 billion to the total. And commercial insurance plans will follow Medicare, as often mandated in current contracts, resulting in additional payment cuts to hospitals.

Source: [Dobson | DaVanzo data analysis](#) of CMS Limited Data Set Calander Year 2022, 100% File, [Strategic Health Care](#) review of [Dobson | DaVanzo data analysis](#).