



## Essential Hospitals Urge Congress to Protect Medicare Evaluation and Management Payments

### Background

In 2012, the Medicare Payment Advisory Commission (MedPAC) endorsed reducing Medicare hospital outpatient payments for evaluation and management (E&M) services, lowering them by an average of 70 percent. MedPAC cited rising Medicare payments for ambulatory care among its concerns. The cuts would be phased in over three years and only a small number of hospitals would receive partial protection.

### Payment Reductions Harm the Vulnerable

Reducing E&M payments would damage hospitals' ability to provide critical outpatient services to vulnerable patients, including those dually eligible for Medicare and Medicaid.

Members of America's Essential Hospitals have significantly expanded their outpatient presence in communities with on-campus and satellite clinics and mobile units. In 2010, they provided more than 60 million non-emergency department outpatient visits. They also provide significant outpatient specialty care (about half of all outpatient visits). While community health centers and others help provide access to primary care, outpatient clinics at essential hospitals – those with a safety net role – often are the only source of specialty care in low-income communities.

Members of America's Essential Hospitals estimate they would lose millions of dollars per year should MedPAC's proposal go into effect. The resulting loss in revenue may cause some hospitals to shut clinics

and would deter efforts to expand access in underserved, low-income areas.

### Protect the Safety Net

The proposed payment cuts would disproportionately impact members of America's Essential Hospitals, due to their large outpatient networks. While they represent just 2 percent of all hospitals and 6 percent of all discharges, they would absorb 15 percent of the E&M payment reductions. These cuts are unsustainable for these systems, which have margins substantially lower than the rest of the hospital industry, on average.

### Our Ask

**America's Essential Hospitals and its members urge Congress to protect hospital E&M payments.** We stand ready to help Congress develop a sustainable solution to ensure health care access for low-income beneficiaries.

Our hospitals are focused on transforming their delivery systems to improve health care for all patients and drive down costs. Cuts to E&M services would have a significant chilling effect on their efforts to expand access and provide necessary care to the nation's most vulnerable patients.

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