



**CALIFORNIA
HOSPITAL
ASSOCIATION**

*Providing Leadership in
Health Policy and Advocacy*

December 10, 2015

Dear Member of the California Delegation:

On behalf of the more than 400 hospitals and health systems in California and the patients they serve, I urge your support for a technical amendment to the Bipartisan Budget Act of 2015 in an effort to forestall reduced access to care for Californians and allow hospitals to proceed with current efforts to expand access to care.

California hospitals are working hard to ensure that the promise of the Affordable Care Act (ACA) – the right care at the right time in the right location – is fulfilled in communities throughout the state. Because of the severe shortage of primary care and specialty physicians who will accept Medi-Cal patients, hospitals are undertaking a variety of innovative approaches for ensuring access to care in underserved communities. This includes financial partnerships with physician groups, as well as constructing and operating new hospital-based outpatient clinics and satellite facilities. These off-campus facilities, often located in communities with otherwise limited access to care, are bringing needed health care services to Medi-Cal patients and those who are uninsured.

Unfortunately, these important outpatient services may now be at risk because of a provision included in the Bipartisan Budget Act of 2015. The provision (*Section 603*) requires “site-neutral” payment reductions for all *new* hospital outpatient departments located more than 250 yards from the main hospital campus. This provision means that any outpatient service provided by a hospital in a facility off of the main hospital campus will be reimbursed at the same, lower amount paid to physicians beginning January 1, 2017. Hospitals will see their payments cut dramatically at the same time that they are working to provide more health care services to more people in underserved communities throughout California.

The legislation is particularly problematic for dozens of hospitals across the state that had followed existing federal rules, in place since January 2001, who undertook new partnerships and facilities to take patient care services out of the hospital and into the community. Under the new requirements of the BBA, only outpatient facilities that were operational and billing Medicare before November 2, 2015, will be “grandfathered” under the old rules and will continue to be paid at the existing hospital reimbursement rate.

This limited grandfather provision means that hospitals that are in definitive stages of project development of outpatient programs, but have not yet completed them, will now be subject to reduced payment rates. These hospitals followed the rules, but the rules were changed without warning in only a matter of days.

California Congressional Delegation
December 10, 2015

CHA urges Congress to expand the grandfather provision of the BBA to incorporate hospital outpatient facilities that are currently in definitive stages of development. This limited amendment will help ensure that Medi-Cal patients and the uninsured continue to have access to life-saving care.

Thank you for your consideration and support for California hospitals. Please contact Anne O'Rourke in CHA's Washington, DC office at aorourke@calhospital.org or (202)488-4494 if you or your staff have any questions.

Sincerely,

s/p

C. Duane Dauner
President/CEO