Site Neutral Testimony

- Mr. Chairman, thank you for having me here today and for holding this Member Day hearing – I think it's really important that Members not on Committee have the opportunity to share some of the challenges their constituents face back home - and their ideas for how to address them - so I applaud you for taking advantage of this new opportunity created by Democratic leadership in the Rules Package earlier this year.

- I'm here today to speak with you about something that keeps me up at night. Some of you may know that I was born and raised in a timber town on the Olympic Peninsula, it's a beautiful region in northwest Washington that I now have the honor of representing. And though many people think of the sprawling metropolis of Seattle when they think of Washington State – the area I represent is quite different – and a major portion of it is largely *rural*.

- Now I think many of you also represent Districts pretty similar to mine - and people are starting to realize what many folks across the country already know - rural hospitals are struggling.

- A recent study found that 97 rural hospitals have closed since 2010 – and earlier this year, Navigent found that 21% of rural hospitals are at "high risk of imminent closure." This equates to 430 hospitals in 43 states that employ over 150,000 people and most importantly, care for millions of our friends and neighbors.

- Despite the growing problems facing rural hospitals, last year, the Trump Administration put forward a policy called "site neutral payment" that reduces reimbursement under Medicare for hospitals with affiliated clinics or care facilities. (CMS-1695-FC).

- These affiliated clinics and care facilities bring quality health care *closer* to folks in rural areas.

- But this rule cuts reimbursement by 30% in 2019 and 60% going forward to those facilities. At a time when we should be protecting our rural hospitals, this policy does exactly the opposite - punishes hospitals for bringing medical care closer to patients.

- In my district, this means Olympic Medical Center, the hospital where I was born, could lose $47 million over the next ten years – and a reduction in reimbursement for Medicare beneficiaries would go from $118.35 to just $47.34.

- This rule is especially harmful because it impacts many hospitals serving Health Professional Shortage Areas, as designated by the Health Resources and Services Administration. Cutting reimbursements exacerbates this shortage by dramatically reducing the funds available to retain and hire health care professionals and purchase new medical equipment.

- Earlier this year I went over to visit OMC and talk to them about the impacts of the rule. And they told me that this rule has played a factor in OMC postponing $15 million of planned construction projects and may cause the elimination of some services – while also forcing the hospital to change plans to hire eight new primary and specialty care providers.

- My district is not the only one impacted. In fact, it's not even on the list of the top 30. Hospitals across the country, including Southwestern Vermont Medical Center (Welch), Central Vermont Medical Center (Welch), Dartmouth Hitchcock in New Hampshire (Kuster) and Cox Medical Center in Branson, Missouri (Long) will all be impacted even worse than Olympic Medical Center.

- Now in 2018, as CMS was exploring this rule, 138 bipartisan Members signed a letter (Roskan / M. Thompson), urging CMS to not adopt this rule. But unfortunately, CMS ignored this request.

- CMS argues that reducing these payments will increase competition with private providers. This argument is based entirely on flawed logic and faulty assumptions because it assumes that there are numerous private providers in every region and that people who go to hospital clinics would be able to get seen by them.

- It misses the point that hospitals tend to care for more medically complex cases and will care for every patient, even if they cannot pay.

- Private providers have no such obligation, which means that as hospitals lose money and capacity, access to health care will be put in serious jeopardy, especially in those areas already suffering from a lack of health care.

- Not only is this rule bad policy, it also exceeds the authority of CMS. Section 603 of the Bipartisan Budget Act of 2015 (Public Law 114-74), affirmed that no existing off-campus hospital clinics should have their payment rates reduced.

- Additionally, in 2016, Congress passed the 21st Century Cures Act (Public Law 114-255), which expanded these protections to cover clinics that were in the process of being built when the Bipartisan Budget Act of 2015 was passed.

- This arbitrary rule clearly violates both laws.

- It is essential that Congress act to ensure its legislative intent is upheld in law and to prevent further damage to health care access, especially in rural areas.

- Out of concern for the damage this rule is doing to our hospitals, I have introduced the bipartisan legislation called the Protecting Local Access to Care for Everyone Act – or the PLACE Act.

- The *PLACE Act (HR 2552)* would freeze the Site Neutral rule until December 31, 2020 and directs CMS to reimburse hospitals at the previous Medicare reimbursement rate and for the money lost under the rule since this policy went into effect.

- The American Hospital Association and the Federation of American Hospitals have both endorsed this bill.

- I am asking for your help because OMC is literally the only game in town in the rural regions of my district. If these hospitals and clinics close, the next option for care can be hours away – and that's just dangerous.

- Folks, this is a critical issue, not just for the constituents I represent, but for a massive part of the country - and we must work together to fix it.

- I thank you for your attention to this matter and for your willingness to consider my testimony today.

- Thank you.