



*Advancing Health in America*

# ***NCOIL: Improving Affordability for Patients Model Act***

**March 14, 2025**

**Terrence Cunningham  
Senior Director of Administrative  
Simplification Policy**

# Overview

- Facility Fees
- Specifics of Hospital Care
- Physician Acquisition
- Honest Billing and NPIs for Off-Campus Facilities
- Takeaways



# Facility Fees and Site-Neutral Payments



*Advancing Health in America*

# Facility Fees vs Professional Fees

## Professional Fees

- Physician services

## Facility Fees

- Nurses and other medical support staff
- Social workers
- Housekeeping
- Pharmacists
- Security
- IT infrastructure and support staff
- Medical equipment and supplies
- Lab technicians
- Care coordination
- Secure platforms that are HIPAA-compliant
- Language interpreters
- Building maintenance
- Regulatory compliance
- Patient education
- Clinician training
- Physician subsidies

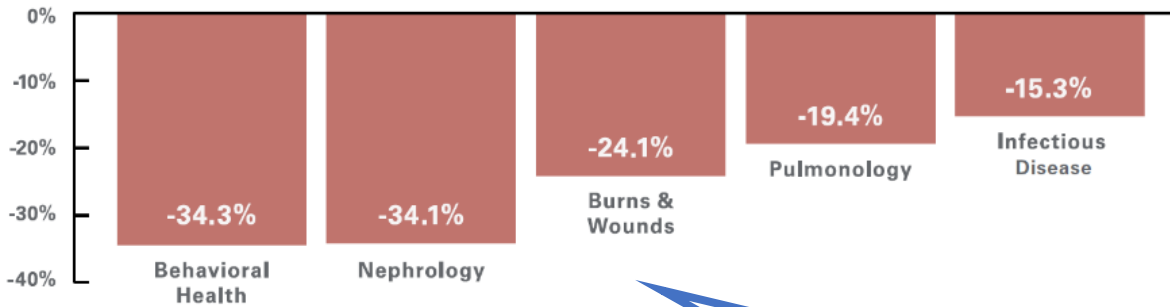
# Hospital Care

- Patient type
  - Acuity: Hospitals care for sicker patients
  - Larger number of uninsured patients
- Hospitals costs for delivering care are not equivalent
  - 24/7 care
  - More comprehensive licensing, accreditation and regulatory requirements
  - Essential public services that do not produce revenue
    - Cost shift necessary

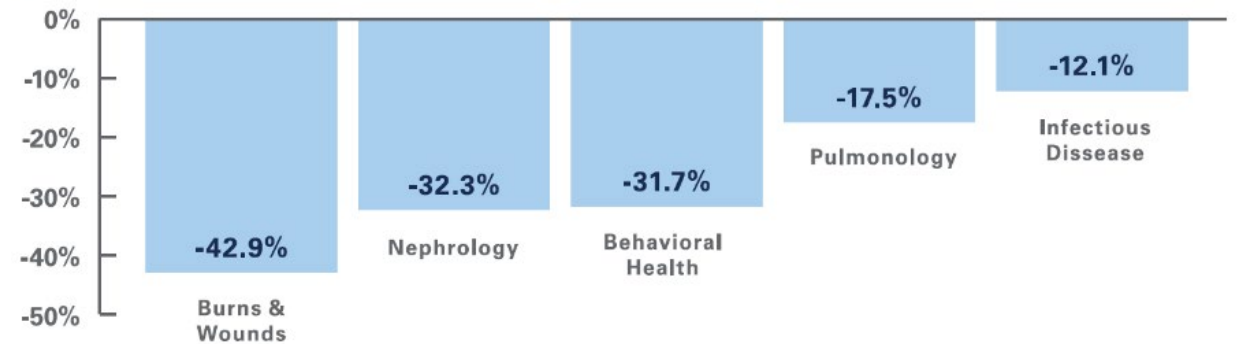
# Cost-shift Across Services

In aggregate, payers fail to cover hospitals' costs for key services. These losses must be made up for from higher margin services.

### Average Hospital Margin: Inpatient



### Average Hospital Margin: Outpatient

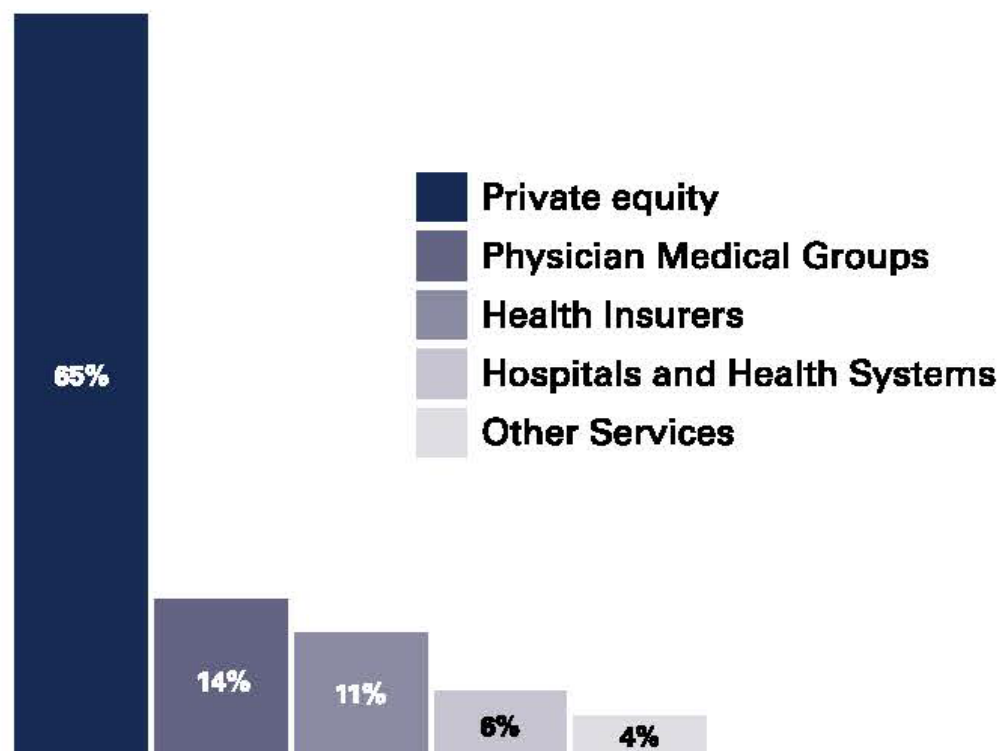


Higher margins on other services help offset these losses. Without those higher margins, hospitals could not maintain these services, many of which only hospitals provide.

# Setting the Record Straight: Private Equity and Health Insurers Acquire More Physicians than Hospitals

Hospitals not among the three largest drivers of physician acquisitions

Percentage of acquired physicians by type, 2019 - 2023



Source: AHA analysis of LevinPro HG, Levin Associates, 2023, June, [levinassociates.com](https://www.levinassociates.com). Only includes values for deals where the number of acquired physicians was reported. Certain acquirer types were also modified to more closely align with the services provided by the acquirer.

# “Honest Billing” Concerns



*Advancing Health in America*



# *New NPI for Off-campus Outpatient Department?*

**Current claim requirements for indicating off-campus outpatient place of service:**

- **Professional Claim:** “Place of Service” code used to flag outpatient off-campus site of care
  
- **Institutional Claim:**
  - UB-04: Data content standard for all hospital claims
    - Type of Bill (FL04): Indicates outpatient vs. inpatient
    - Billing Provider Name and Address (FL01):
      - **Name and Service Location**



National Uniform  
Billing Committee



# Key Takeaways

- **Facility fees are essential to providing the unique care provided by hospitals.**
  - Eliminating facility fees will threaten ability to provide non-revenue generating services, particularly in rural settings.
- **Reduction in independent physicians is concerning, but hospitals are not driving this issue.**
- **NPI for off-campus departments is unnecessary and only adds unnecessary administrative costs.**

# *Contact / Questions*

**Terry Cunningham**

Senior Director, Administrative Simplification Policy

American Hospital Association

[tcunningham@aha.org](mailto:tcunningham@aha.org)

