

Outpatient Facility Fees and Opportunities for Regulation

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Nationally recognized team of private insurance experts

- Part of McCourt School of Public Policy
- Legal & policy analysis
 - Federal and state regulation
 - Market trends
- Published reports, studies, blog posts
- Technical assistance

What are Facility Fees?

- A provider office visit results in one bill that covers the health care professional's time and office overhead
- Facility-based outpatient care results in two bills: one from the health care professional and one from the facility
 - The facility's bill is often referred to as the "facility fee"
- Prevalence of facility fees has grown as hospitals acquire more ambulatory practices

What Do Facility Fees Pay for?

- Facility payment ostensibly covers the overhead costs facilities incur for outpatient care
 - More costly to provide ambulatory services in hospital outpatient department (HOPD) than a clinician-owned office
 - Billed amounts may be driven by historical billing patterns, market power, or other factors not related to hospitals' actual costs

What Do Facility Fees Mean for Consumers and Payers?

- Consumers
 - Increased out-of-pocket exposure
 - Increased premiums
 - Disruptions in care
 - Confusion and anger
- Payers
 - Increased costs for ambulatory care
 - Vertical integration gives providers more market leverage

Can't the Market Fix It?

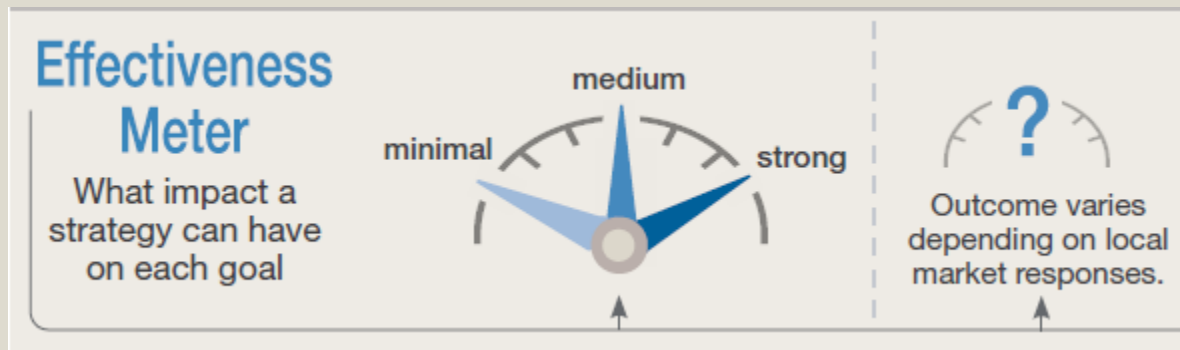
- Payers' lack information on where care is provided and practice ownership and affiliations
- Consolidation among providers limits payers' clout in negotiations
- Consolidation among insurers and how insurers design their business models enable them to pass costs on to employers and consumers

What Can States Do?

- Site-neutral payment caps
- Facility fee billing bans
- Billing transparency
- Public reporting requirements
- Cost-sharing protections
- Consumer notification requirements

What Are Your Goals?

- Reducing out-of-pocket costs for consumers
- Reducing health care system costs
- Increasing transparency and oversight



See how different policies measure up on our [Cheat Sheet for Policymakers](#)

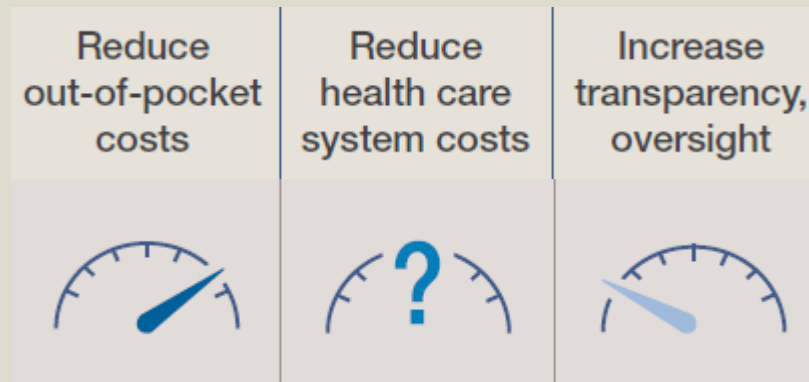
Site-Neutral Payment Caps

- Prohibit HOPDs from charging facility fees for specified services and cap reimbursement for these services
- Effectiveness: Greatest potential across goals



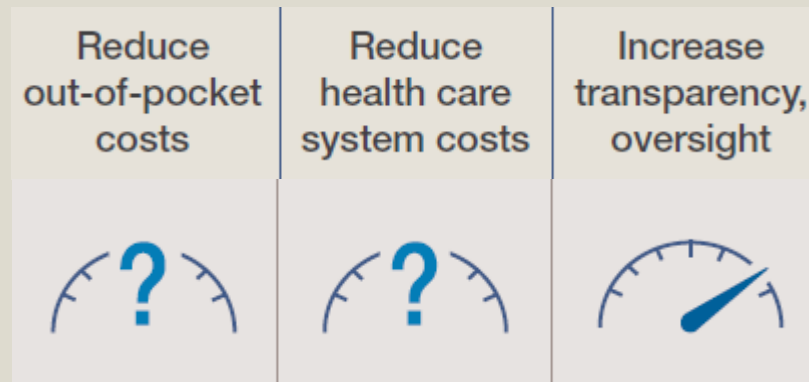
Facility Fee Billing Bans

- Prohibit HOPDs from charging facility fees for specified services (e.g., services that can be safely/effectively provided outside of a hospital)
- Effectiveness: Primarily benefits consumers



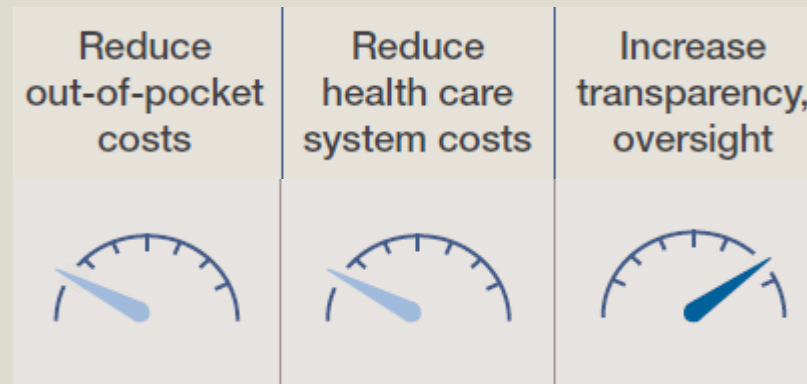
Billing Transparency

- Require off-campus HOPDs to acquire and bill with location-specific provider identifiers, and track provider ownership/affiliations
- Effectiveness: Increases information; up to payers and others to use



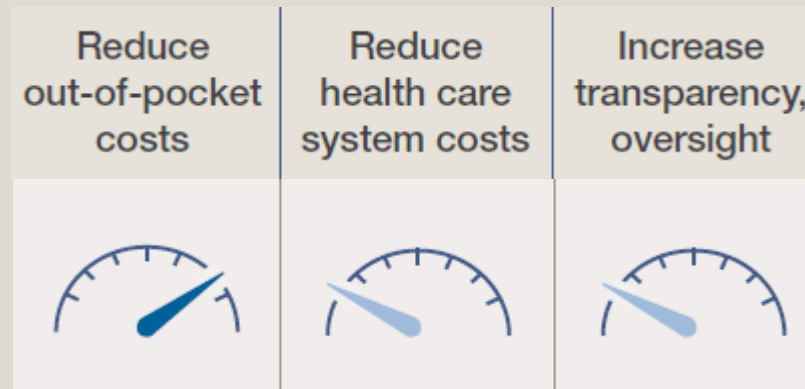
Public Reporting

- Require hospitals to report on facility fee billing, including volume and revenue of facility fees by service, payer, and location
- Effectiveness: Empowers policymakers to act in the future



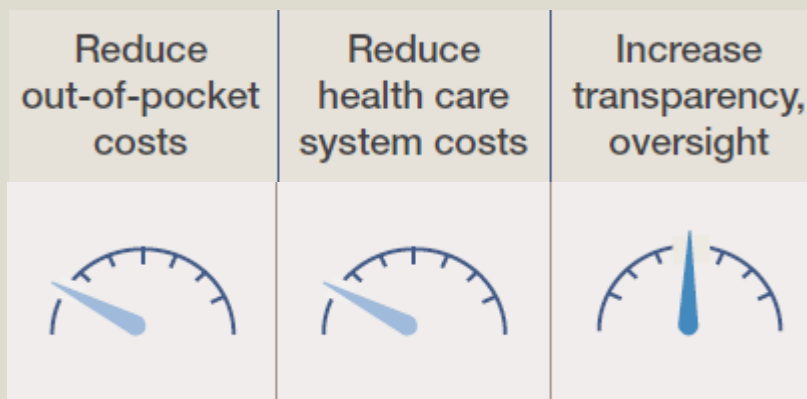
Cost-Sharing Protections

- Require state-regulated insurance policies to cover and limit consumer cost-sharing for outpatient facility fees
- Effectiveness: Protects (some) consumers but may drive up costs



Consumer Notification Requirements

- Require providers and state-regulated insurers to notify consumers before charging outpatient facility fees
- Effectiveness: May increase awareness but otherwise unlikely to have significant impact



Key States Leading the Way

- Site-neutral payment caps: TBD!
- Facility fee billing bans: CT, ME, IN
- Billing transparency: CO, NE, NV
 - Ownership transparency: MA
- Public reporting: CT, WA(ish)
 - Study bills: CO, ME, MD
- Cost-sharing protections: CO(ish), CT
- Consumer notification requirements: CO, CT, MD, MN, NY, WA

Questions?

More on Outpatient Facility Fees:

<https://chir.georgetown.edu/state-facility-fee-project/>

Other CHIR Publications:

www.chir.georgetown.edu

CHIRblog:

www.chirblog.org

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