

For Immediate Release  
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## *In case you missed it!* CT Mirror Viewpoints: Some hospital facility fees add costs — but no value — to patient care

“It is time for facility fee games to stop,” **James A. Klein**, president of the **American Benefits Council**, says in a recent CT Mirror Viewpoints piece, “[Some hospital facility fees add costs — but no value — to patient care.](#)” In the piece, Klein explains how these unfounded fees work and their role in rising costs for patients and employers.

“How the facility fee scheme works: a hospital buys a freestanding physician’s office, changes the name on the door and converts the practice to a hospital outpatient department, allowing it to tack a hospital facility fee onto the bill,” Klein writes, adding, “So, when a patient goes to their *same* doctor in the *same* location for the *same* services, the bill now has an additional upcharge. The patient is paying more in cost-sharing but the only change that occurred is that the patient’s care was provided in a doctor’s office newly owned by a hospital.”

The piece notes, “Fortunately, bipartisan legislation in Congress — the “[Site-based Invoicing and Transparency Enhancement \(SITE\) Act](#)” and the “[Lower Costs, More Transparency Act](#)” — would address these costly markups that result in individuals, employers and the government spending billions of dollars in unnecessary and unwarranted charges for health services.”

The **Alliance to Fight for Health Care** supports site-neutral payment reform as a way to decrease Medicare and commercial spending, ensure patients receive the right care in the right setting, and lower taxpayer and beneficiary costs.

<https://ctmirror.org/2023/11/21/hospital-facility-fees-medicare/>

**CT VIEWPOINTS: Some hospital facility fees add costs — but no value — to patient care**

by **James A. Klein**

November 21, 2023

In the Oct. 26 CT Viewpoints piece, “[Healthcare facility fees support patient care,](#)” Paul Kidwell, a senior vice president at the Connecticut Hospital Association, paints a rosy picture of the resources covered by hospital facility fees.

Kidwell notes there is “frequent misinformation and questions raised about what these fees are.” I couldn’t agree more.

What Kidwell fails to explain is that not all hospital facility fees are created equal, and increasingly, patients are seeing facility fees appear on bills not to cover the overhead costs of running a hospital, but to take advantage of the Medicare payment system.

Here's how the facility fee scheme works: a hospital buys a freestanding physician's office, changes the name on the door and converts the practice to a hospital outpatient department, allowing it to tack a hospital facility fee onto the bill. So, when a patient goes to their *same* doctor in the *same* location for the *same* services, the bill now has an additional upcharge. The patient is paying more in cost-sharing but the only change that occurred is that the patient's care was provided in a doctor's office newly owned by a hospital.

It is time for facility fee games to stop.

Fortunately, bipartisan legislation in Congress — the "[Site-based Invoicing and Transparency Enhancement \(SITE\) Act](#)" and the "[Lower Costs, More Transparency Act](#)" — would address these costly markups that result in individuals, employers and the government spending billions of dollars in unnecessary and unwarranted charges for health services.

In its June 2023 report to Congress, the federal Medicare Payment Advisory Commission (MedPAC) estimated expanding site-neutral payments could have saved Medicare \$4.9 billion and saved seniors \$1.2 billion in out-of-pocket costs in 2021. University of Minnesota economist Steve Parente's research estimates the commercial insurance market could see nearly \$60 billion in savings *annually* from site-neutral payment reform.

The [Alliance to Fight for Health Care](#) — a diverse coalition of private sector and public sector employers, unions, health plans, patient and consumer groups — is urging Congress to take action to expose and reform unjustified facility fees that add costs — but add no value — to our nation's health care system or the people it serves.

*James A. Klein is President of the [American Benefits Council](#).*

The **Alliance to Fight for Health Care** is a broad-based coalition comprised of businesses, patient advocates, employer organizations, unions, health care companies, consumer groups and other stakeholders that support employer-provided health coverage. Together, we are working to ensure that employer-provided coverage remains an available and affordable option for working Americans and their families.

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