

## House Approves Site-Neutral Payment Relief for Some Hospitals but Bill Faces Uncertain Future in Senate

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On June 7, the House passed H.R. 5273, the [Helping Hospitals Improve Patient Care Act of 2016](#) which, in part, modifies the Medicare payment rules for certain hospital outpatient departments (HOPDs) which were adopted as part of the “site-neutral” payment provisions under Section 603 of the [Bipartisan Budget Act of 2015](#) (Pub. L. No 114017). As we [discussed](#) in November, Section 603 will effectively reduce compensation for certain off-campus HOPDs beginning January 2017 by eliminating eligibility for compensation under Medicare’s Hospital Outpatient Prospective Payment System (HOPPS). As originally drafted, Section 603 provided a “grandfathering” exception for off-campus HOPDs that were already billing under the HOPPS as of November 2, 2015, retaining HOPPS eligibility for these HOPDs. However, Section 603 contained no exception for HOPDs that were under development as of that date, upsetting the financial projections of several hospitals.

H.R. 5273 would effectively extend the grandfathering exception to facilities under development as of November 2, 2015, allowing them to receive HOPPS reimbursement after January 1, 2017 so long as certain requirements are met. The bill also provides a broad exception for off-campus HOPDs operated by cancer hospitals. The costs associated with extending grandfathered status to certain HOPDs will be offset by other cuts in Medicare reimbursements.

Though the bill has passed the House, its future in the Senate is uncertain. Possible amendments to the bill and the limited time available to review and vote upon it may stand as barriers to passage.

The HOPD reimbursement changes implemented under Section 603 are critically important to a number of hospital systems, and we will continue to monitor and report on this legislation as it proceeds.

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