September 15, 2025

Administrator Dr. Mehmet Oz
Centers for Medicare & Medicaid Services
Hubert H. Humphrey Building
200 Independence Avenue, S.W.
Washington, D.C. 20201

Submitted electronically via regulations.gov

RE: CMS-1834- P *(Changes to the Hospital Outpatient Prospective Payment and Ambulatory Surgical Center Payment Systems 2026 Proposed Rule)*

Dear Administrator Oz,

The Alliance for Fair Health Pricing (AFFHP) appreciates the opportunity to respond to the proposed changes on site-neutral payment reform and hospital price transparency included in the proposed CY 2026 Hospital Outpatient Prospective Payment and Ambulatory Surgical Center Payment Systems rule. AFFHP supports the Administration's commitment to strengthening price transparency and improving health care competition to lower health care costs, especially given the agency's many competing priorities. We look forward to the Administration's continued efforts on these issues.

High and rising health care costs are putting a squeeze on families' budgets and creating downward pressure on wages. Many consumers and patients feel trapped under unprecedented levels of medical debt, and more than 1 in 3 Americans have delayed or forgone the care they need because of cost. In fact, recent polling shows that 83% of voters think it is difficult for Americans to afford health care, up from 78% in 2021. At the same time, small businesses and large employers alike are struggling with the rising cost of providing health coverage to their workers, which is limiting their potential to grow their business and economically prosper. Rising health care costs also increase federal spending and contribute to our nation's fiscal challenges. This situation underscores the urgent need for reforms that reduce wasteful spending, lower costs for patients, businesses, and taxpayers, and put money back in the pockets of the American people.

In the past several years, it has become abundantly clear that there is a need to advance policies to address the primary driver of high and rising health care costs for the privately insured – high hospital prices. Substantial evidence shows that high hospital prices are the result of decades of health care consolidation in provider markets that has largely gone unchecked. The lack of competition in health care markets harms everyone paying higher prices for health care without corresponding gains in quality, including patients, consumers, employers, and taxpayers. Consolidation also harms health care workers and clinicians who are increasingly absorbed into large, consolidated hospitals and health systems, limiting their autonomy and in some cases lowering their wages.

The Alliance for Fair Health Pricing (AFFHP) is a non-partisan coalition representing patients, consumers, and employers who are working together to make high-quality health care more affordable. We promote action to protect patients and employers from hospital pricing abuses, and advance policies that improve access to care. **Our work is centered around the following four principles:**

1. **Making health care more affordable for consumers, employers, and taxpayers is an economic and societal imperative.** To do this, we must address the central driver of high health care costs

for the privately insured – the high prices being charged for care – by increasing choices for consumers and purchasers and limiting anticompetitive behavior to lower prices.

2. **Market failures must be directly addressed.** There is insufficient competition on price and quality in many health care markets where provider markets are highly consolidated. Dominant providers and health systems have the ability to demand high prices, and there is an imbalance in the information available to consumers. It is essential that action is taken where markets have failed to restore and increase competition and to lower prices.
3. **We need more complete and transparent information on pricing.** In order for families, employers, and policymakers to understand and fix the problem of high health care prices with common-sense solutions that work, we need more complete and transparent information on price, quality, and other aspects of our health care system.
4. **We must address high health care prices in a way that directs resources where they are most needed across the health care system.** A comprehensive solution to address high health care costs must ultimately create a more accessible, fair, and sustainable system that provides high-quality affordable care.

The AFFHP is supportive of and focused on advancing policies to lower hospital prices to reduce health care costs for patients, consumers, and employers by strengthening price transparency, limiting consolidation, and promoting competition and addressing anticompetitive behavior.

Proposals to Expand Site-Neutral Payment Reform

Medicare enrollees and the Medicare program currently pay up to four times more for the same routine services when they're delivered at hospital-owned outpatient facilities compared to the cost at an independent doctor's office. Many commercial insurers also pay more for care delivered in hospital-owned settings, as hospitals tack on additional "facility fees" for care that can be safely delivered in a doctor's office at a lower cost. These payment differentials create incentives for hospitals to buy up physician practices and rebrand them as hospital outpatient departments to charge patients higher prices for the same care, even when all that has changed is the sign on the door.

The higher prices being charged by hospital-owned outpatient facilities do not buy Americans higher-quality care. In fact, substantial evidence shows that increased provider consolidation in health care markets increases what patients, employers, and taxpayers pay for care, while at the same time reducing patient choice and access, and failing to improve the quality of care. Site-neutral payments will help ensure patients pay the same amount for the same services regardless of where the service is performed.

AAFHP strongly supports the Administration's proposal to implement site-neutral payment reforms for drug administration. It is also encouraging to see that the Administration is considering expansion of site-neutral payments to other services (e.g., imaging) and locations (on-campus hospital outpatient departments), and we strongly urge the CMS to consider further expansions of site-neutrality in future rulemaking. Site-neutral payments will lower wasteful spending in Medicare and have a meaningful and positive impact on patients' out-of-pocket costs.

While these are important steps in lowering health care costs, there also remains a need for legislation to advance comprehensive site-neutral payment reforms to ensure Medicare beneficiaries and the Medicare program are paying the same price for the routine services regardless of where they receive care. Importantly, comprehensive site-neutral payment reforms would:

- Lower out-of-pocket costs for Medicare beneficiaries by reducing premiums and cost sharing by

over $90 billion, while protecting patients from the abusive and unfair billing practices that lead to excessive health care prices;
- Strengthen the Medicare program by reducing wasteful government spending, saving the program an estimated $157 billion in the next 10 years; and
- Enhance health care market choice and competition and bolster independent physician practices by removing hospital-owned facilities' ability to bill for the same services at a higher price.

Site-Neutral Drug Administration. AFFHP appreciates the Administration's focus on advancing site-neutral payments for drug administration services. Over time, drug administration services have increasingly shifted from physician offices to HOPDs, where the cost of care is typically 200-300% the price paid for drug administration in a physician's office. For example, 50.9% of chemotherapy administration services were provided in HOPDs in 2019, up from 35.2% in 2012. Advancing site-neutral payments for drug administration services is an important first step in lowering costs for patients and the Medicare program by ensuring the same price is paid for the same service regardless of where the service is delivered. This policy is particularly important for patients who substantially rely on physician-administered drugs, such as cancer patients who receive chemotherapy. Enacting site-neutral drug administration could significantly lower health care costs for cancer patients, saving the highest-need chemotherapy patients more than $1,000 on cost sharing a year. Eliminating price differences for these routine services based on where care is delivered can help create a fairer and more affordable system for patients and reduce the incentives for large, consolidated health systems to buy up physician practices to charge higher prices.

Expanding Site-Neutral Reforms to Other Future Services. AFFHP supports the Administration's intent to expand site-neutral payments to other services in future years. In particular, imaging is well-suited for site-neutral payments given its routine nature and ability to be performed safely regardless of setting. The utilization of imaging services is also widespread, and over time the provision of imaging services has also shifted from physician offices to more expensive HOPDs. In 2022, over 1.6 million Medicare beneficiaries received an imaging service at an off-campus HOPD. Of these, about 400,000 beneficiaries paid at least $50 more in cost sharing than they would have were the payments made at a site-neutral rate. Applying the site-neutral rate for imaging services at all off-campus HOPDs would save Medicare $7.6B over 10 years and reduce beneficiaries' out-of-pocket costs by around $1 billion.

Beyond drug administration and imaging, there are a number of other services that can be safely and routinely performed regardless of setting. As hospitals continue to acquire physician's offices, the provision of these services – like in the case of drug administration and imaging – continues to shift from physician offices to more expensive HOPDs, increasing health care costs for Medicare beneficiaries and the Medicare program. MedPAC has identified an initial list of 66 such clinical services. We encourage the Administration to use it when considering other services for the expansion of site-neutral payments. For example, the MedPAC list from June 2022 includes 57 Ambulatory Payment Classifications (APCs) where services are safely performed a majority of the time in freestanding physicians' offices. It thus makes sense to align payments with the lower, MPFS rates. Expanding site neutrality for all 66 APCs in off-campus HOPDs would save taxpayers $21 billion over 10 years.

Expanding Site-Neutral Payments for Evaluation and Management (E&M) Services to On-Campus. AFFHP appreciates the Administration's interest in expanding site-neutral payments for E&M services at on-campus hospital outpatient departments. Such a shift has already been implemented by CMS at off-campus HOPDs, and it is time to do the same for these routine clinic visits when physicians practice in on-campus hospital-owned offices. It is unreasonable for a patient to face significantly higher costs for

these routine outpatient visits, with no meaningful change in care. This practice also distorts market competition, limits access to lower-cost community-based care, and reduces patient autonomy in choosing providers.

Proposals to Strengthen Hospital Price Transparency

Moving towards full transparency of health care prices is a critical step towards increasing competition in the U.S. health care system and ensuring our nation's families receive affordable, high-quality health care. Complete, accurate, and timely price transparency can be a powerful tool allowing employers, public and private payors, and patients to have a truer picture of where cost pressures may lie and how they may be mitigated. It helps patients to shop for their care, and helps pull back the curtain so that consumers, employers, and policymakers, and researchers have the information they need to take action to rein in pricing abuses. More specifically, clear and accurate hospital price transparency is critical to ensuring that:

- Consumers can make informed decisions about their care and choose high-value providers.
- Purchasers, including employers, can design more affordable coverage options.
- Clinicians can work with patients to make well-informed decisions about care.
- Policymakers, researchers, and the media can understand and track the effects of market consolidation on prices.
- Federal and state policymakers and researchers can develop effective solutions to address high health care spending, lower costs, and improve patient care.

We appreciate the Administration's efforts to date on price transparency and urge work to continue to ensure strong compliance with existing requirements. Below, we outline recommendations for strengthening the proposed changes to the hospital price transparency requirements outlined in this rule.

Changes to Allowed Amounts. AFFHP strongly encourages the Administration to clarify that hospital price information is only accurate and complete when all negotiated rates are displayed in dollars and cents without exception. Cash prices should also be posted in dollars and cents. Prices should not be posted as algorithms or as a percentage of Medicare. We are concerned about the usefulness of percentiles, and would instead continue to urge CMS to require all rate information posted in dollars and cents. The Administration should pursue compliance reviews and enforcement efforts when hospitals fail to post prices in dollar amounts as appropriate. AFFHP also supports CMS's proposal to require hospitals to disclose the count of allowed amounts as this will enable purchasers to better establish the credibility of these data.

Required Attestations. AFFHP supports CMS's proposal to strengthen the current hospital price transparency requirements by replacing the "affirmation" standard with a more robust "attestation." Specifically, we agree that hospitals should attest that they have included all applicable payer-specific negotiated charges that can be expressed in dollars. For charges that are not knowable in advance or cannot be expressed as a dollar amount, hospitals should be required to include in the machine readable files (MRF) all necessary information available to enable the public to derive the dollar amount—such as the specific fee schedule or components referenced in any percentage, algorithm, or formula. AFFHP is supportive of CMS's proposal to require hospitals to encode the name of the CEO, president, or senior hospital official designated to oversee the encoding of accurate and complete data in the MRF. This requirement appropriately enhances executive accountability and reinforces the importance of leadership engagement in ensuring transparent and reliable pricing information for the public.

Inclusion of National Provider Identifier (NPI) in Price Transparency Files. AFFHP is supportive of CMS's proposal to require hospitals to encode their organizational NPI in their MRFs. AFFHP agrees with CMS that the inclusion of NPIs within the MRF would better enable the development of products that combine price, claims, and quality data and stimulate additional hospital price competition. More broadly, AFFHP is also supportive of proposals to enhance site-of-service billing transparency by requiring every off-campus hospital outpatient department to have a unique NPI.

Proposed Enforcement Changes. While AFFHP is supportive of the Administration's focus on stronger enforcement of and compliance with the hospital price transparency requirements, we urge the Administration to explore additional enforcement changes beyond those outlined in the rule. Most specifically, to strengthen enforcement, we recommend several changes to penalties for noncompliance with the requirements, including increasing the daily noncompliance penalties (scaled by hospital size; for example, up to $25 per bed per day for hospitals with 500+ beds), raising the maximum penalties for persistent noncompliance (for example, up to $10,000,000 for the largest (500+ beds) hospitals), reassessing penalties regularly over time, and increasing the penalties over time as appropriate to ensure strong and continued compliance from hospitals.

AFFHP also believes it is important to continue to publicize information about the status and outcome of compliance actions taken against health systems that fail to meet CMS' definition of compliance. To this end, it would be helpful to establish a more universal definition of "compliance" by CMS to strengthen enforcement and explicitly signal to hospitals, policymakers, and stakeholders what complete and accurate data looks like. We would also encourage the Administration to publicly and regularly release information about how compliance is monitored and assessed, such as the factors examined when compliance reviews are pursued.

We look forward to continuing to work with you on these important issues and are available for further discussions on the above. Please contact Erica Socker, Vice President, Health Care, Arnold Ventures (ESocker@arnoldventures.org) with any questions or to learn more about AFFHP's work.

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