August 31, 2026

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-1850- P *(Changes to the Hospital Outpatient Prospective Payment and Ambulatory Surgical Center Payment Systems 2027 Proposed Rule)*

Dear Dr. Oz,

The Alliance for Fair Health Pricing (AFFHP) appreciates the opportunity to respond to the proposed CY 2027 Hospital Outpatient Prospective Payment and Ambulatory Surgical Center Payment Systems rule. AFFHP strongly supports the administration's commitment to strengthening price transparency, enacting site-neutral reforms, 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, polling shows that 83% of voters think it is difficult for Americans to afford health care, up from 78% in 2021. Ninety-one percent of voters say it is important for Congress and the President to act to lower health care costs. 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. Recent survey data underscore the magnitude of this challenge: 89% of small businesses report that their health care premiums have increased this year, making health coverage one of the fastest-rising costs facing employers. At the same time, employers across the country are bracing for another year of steep increases, with health benefit costs projected to rise between 6.5 and 9%, marking the largest increase in more than a decade. 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:**

- **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.
- **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.
- **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.
- **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 hospital 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 price 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 (HOPDs) 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 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 service that can be safely and routinely provided regardless of where the service is performed.

AFFHP applauds the administration's actions to date to implement site-neutral reforms, including enacting site-neutral for drug administration in the OPPS final rule last year. Further, we strongly support the administration's proposal to implement site-neutral payment reforms for imaging including in the CY 2027 proposed rule. We also urge the administration to expand site-neutral

payment to other services and locations (on-campus hospital outpatient departments), and to consider further expansions of site-neutrality in future rulemaking. Site-neutral payments will lower wasteful spending in Medicare and meaningfully reduce patients' out-of-pocket costs, improving health care affordability for Medicare beneficiaries.

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.

Site-Neutral for Imaging Services. AFFHP appreciates the administration's commitment to advancing site-neutral payments for imaging. 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 widespread, and over time the provision of imaging services has 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. The Actuarial Research Corporation (ARC) recently estimated that implementing site-neutral payments for imaging without contrast services in off-campus outpatient departments would result in $5.8 billion in federal savings and $3.1 billion in beneficiary savings over 10 years, similar to CMS's projected reductions of $7.2 billion in Part B spending and $2.5 billion in beneficiary cost sharing. 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 encourages the administration to expand site-neutral payments to other services in future years. Beyond drug administration, which was enacted last year, and imaging, which is proposed this year, there are a number of other services that can be safely and routinely performed regardless of setting. As hospitals continue to acquire physicians' 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 consider these 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 rates paid for these services in independent physicians' offices. Expanding site neutrality for the remaining APCs in the MedPAC list would save Medicare $9.3 billion over 10 years and beneficiaries $5 billion in reduced premiums and cost sharing. These savings would be in addition to those generated by the finalized 2026 policy on drug administration services and the 2027 proposal for imaging without contrast services.

Expanding Site-Neutral Payments for Evaluation and Management (E&M) Services to On-Campus. AFFHP also strongly encourages the administration to expand site-neutral payments for E&M services at on-campus hospital outpatient departments. This would save taxpayers an estimated $24 billion and reduce beneficiary premiums and cost sharing by around $13 billion over 10 years. 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.

National Provider Identifier (NPI) Implementation

AFFHP supports CMS's proposal to implement the statutory requirement that off-campus provider-based departments obtain and bill under a separate National Provider Identifier (NPI) in the Medicare program. Strong implementation of this provision will improve site-of-service transparency, support more accurate analysis of hospital outpatient billing practices, and provide policymakers and researchers with better information on health care costs and utilization. The AFFHP also strongly supports efforts to expand the unique NPI to the commercial market, whether regulatorily or legislatively.

As CMS implements this requirement, we encourage the agency to maintain a regular provider-based attestation process. Given the rapid pace of provider consolidation, acquisitions, and organizational restructuring across the health care sector, AFFHP believes the initial two-year lookback period is appropriate and recommends that subsequent attestations be required at least every three years as opposed to the proposed five-year period. More frequent attestations will help ensure that provider-based status information remains current and reliable, enhancing the integrity and usefulness of the NPI system over time.

Request for Information on Strengthening the Standardization and Comparability of Hospital Price Transparency Data

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 hospital 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.
- Federal and state policymakers and researchers can develop effective solutions to address high health care spending, lower costs, and improve patient care.
- Policymakers can understand and track the effects of market consolidation on prices.

We appreciate the administration's efforts to date on hospital price transparency, and urge continued action to strengthen compliance with existing requirements. We also appreciate CMS's interest in public feedback on ways to improve the comparability and usability of hospital price transparency data. AFFHP supports the agency's ongoing efforts to make hospital pricing information more accurate, standardized, and actionable for consumers, employers, researchers, and policymakers.

In particular, we support recent steps to improve the quality and comparability of hospital transparency data, including requirements that enhance machine-readable files through the inclusion of pricing information in dollars and cents alongside percentage-based rates and formulas, as well as hospital executive attestations to the accuracy and usability of the information. These improvements make pricing data more reliable and useful for stakeholders seeking to understand health care costs and market dynamics. Looking ahead, CMS should continue prioritizing data standardization, usability, and compliance. Transparency requirements are most effective when data are accurate, complete, and consistently reported across hospitals; this enables meaningful comparisons, informs policy solutions, and supports a more competitive and affordable health care system.

Beyond the questions on data standardization addressed in this RFI, we appreciate the administration's recent compliance efforts to enforce the Hospital Price Transparency requirements and encourage the administration to continue exploring opportunities to further strengthen compliance with the requirements. While efforts over the last several years have been an important step toward making hospital pricing data more accessible to patients, employers, and researchers, compliance with the requirements remains inconsistent and falls short of the policy's intended goals.

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

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