

CAPITOL STREET

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Hospitals Under The Gun

Site Neutral Generates \$100 B+ Could Pay for Workforce/Telehealth YE

Relevant Companies



Hospital sentiment is not terrific in Washington these days. The bloom is off the rose – hospitals saved the day during COVID, but they are now largely viewed as a cost burden to the overall system. The view is held by many in the House & Senate, Democrats and Republicans alike. There are several headwinds coming down the pike, see our take on 5 catalysts below under Key Points.

»» Our Take & Next Up

We could see legislative activity impacting hospitals in 4Q 2203. Site neutral savings (given they can exceed \$100 B) could pay for myriad bipartisan policies such as extending telehealth flexibilities beyond 2024 and beefing up the healthcare workforce. Remember there are many members working to improve the healthcare workforce, including Sens Cassidy (LA) & Sanders (VT), Reps Blackburn (TN), and others. Hospitals are being scrutinized by Congress, as well as the FTC for anticompetitive behavior. The sentiment is negative for both for-profit and non-for-profit hospitals.

We are keeping an eye out for the ~5 additional legislative drafts on site-neutral, following the House E&C site neutral draft legislation we summarized here i.e., Two more from E&C, House Education & Workforce, Ways & Means, and Senate Finance Committee have indicated they will weigh in.

»» Key Points

1 – SITE NEUTRAL POLICIES GENERATE \$100 B+

House Energy & Commerce Committee floated a draft Site Neutral Bill ([here](#)); Negative for HCA, THC, UHS, CYH. Note that 5 other bills are currently being drafted. This bill would take effect in 2026, and would give HHS broad power over classifying

which services receive site neutral payments, as determined by comparisons between the payments for settings over the preceding 4 years (2022-2026). There are two other House E&C bills focused on site-neutral ...

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