

**Background:** As hospitals focus more on whole person care, population health, and preventive care to keep people healthy and out of the hospital, more services are being offered by hospitals in community settings that **increase convenience and access** for patients.

Patients who receive care at an outpatient setting or physician’s office are typically charged as follows:

- **Professional fee, for the doctor, nurse practitioner and/or physician assistant**
- **Facility fee or technical fee that pays for everyone and everything else**

While independent healthcare providers often bundle these payments together as one fee, hospitals and their outpatient care centers are **required** by Medicare and Medicaid to bill these fees **separately**.

Facility fees, which are typically covered by insurance, pay for other clinical staff (i.e., nursing, medical assistants), use of medical equipment and supplies in your diagnosis and treatment, and overhead expenses such as rent and utilities.



## Caring for Sicker and Medically Underserved Patients:

Hospital outpatient departments treat more patients from medically underserved populations (e.g., Medicaid) and patients with more acute or complex care needs than patients treated in independent community practices and surgery centers.\*

Hospital outpatient departments also are held to more rigorous licensing, accreditation, and regulatory requirements than independent healthcare providers.

Facility fees enable hospitals to provide access to a broad range of patients, including patients with more serious and complex needs, in community settings. By doing so, hospital patients avoid inpatient and emergency care and it keeps costs more manageable for everyone.

\* Comparison of Medicare Beneficiary Characteristics Report (2023, March 27). American Hospital Association.

**QUESTIONS?  
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