UNITED STATES of CARE

COMPARISON OF HOSPITAL PRICING POLICIES

The chart below summarizes policy options states have implemented to curtail health care cost growth due to high and rising hospital prices. These policies are designed to increase affordability for patients and curb growing health care expenses for employers and, in some cases, government payers.

Policy	Price Cap or Price Growth Cap for Specific Hospital Services	Site-Neutral Payments	Limits on Hospital Facility Fees
Policy Goals	Curb increasing health care costs by creating an upper limit on how much hospitals can charge health plans for specific services or creating a target limit on the year-over-year rate at which hospitals can increase their prices.	Establish fair billing practices and bring down health care costs by requiring a health care system to charge the same rate for a service regardless of the setting (such as outpatient vs. inpatient) where it is delivered.	Make health care costs more affordable and predictable by limiting or prohibiting the ability of hospitals to charge, bill, or collect a facility fee, stopping unexpected, inflated bills for care, and containing the total amount hospitals can charge for a specific service.
Policy Summary	Price caps, including Referenced-Based Pricing (RBP), establishes a ceiling for the highest price a hospital can charge private insurance or state employee health plans. The "reference price' is usually a multiple of the Medicare rate, but states can explore other reference prices as well. This policy can be applied to all hospital inpatient and outpatient services, or a more limited set of services. When applied to a more limited set of services, additional services can be phased into the policy over time. For price growth caps, states establish a specific maximum percentage target for annual hospital price increases. This is often tied to state economic indicators, such as wage growth or the Consumer Price Index (CPI), to ensure prices do not outpace the broader economy. Monitoring and enforcement for price caps and price growth caps can include public reporting, including publicly identifying hospitals or health systems that exceed the annual limit. Some states also restrict insurers from raising their premium rates if they pass on price increases that exceed the target, which increases leverage on hospitals to stay within the rates. An even more aggressive enforcement approach is to issue corrective action plans or fines if hospitals exceed the cap or growth targets.	Regulates the total payment amount for outpatient services across settings. Typically applies to a certain set of services: many states have looked to Medicare Payment Advisory Committee (MedPAC) recommendations targeting 66 codes for site-neutrality, which equates to about 2,500 services or procedures. These services have been deemed by MedPAC to be routinely and safely provided outside of the hospital setting. States have discretion to add these or other services to site-neutral policies. Typically requires private insurance plans to pay no more than a set proportion of the Medicare non-hospital payment rate for services that can be performed safely in non-hospital settings.	Eliminates separate "facility fee" charges, which result in the same service costing a higher amount simply because it was provided in a hospital-owned outpatient facility or clinic, rather than an independent clinic. While these limitations do not regulate overall hospital prices, they provide premium and out-of-pocket protections to consumers. Policies often limit facility fees for a narrow subset of services that can be safely provided in non-hospital settings, but states have discretion to ban facility fees in broader settings as well. States generally include evaluation and management services (i.e. doctors' visits), telehealth services, and preventive services in facility fee prohibitions. States can also add protections for consumers by requiring hospitals to provide patients with notice if they charge facility fees.

Policy	Price Cap or Price Growth Cap for Specific Hospital Services	Site-Neutral Payments	Limits on Hospital Facility Fees
Benefits and Cost Savings	Directly addresses the primary cause of high health care costs: the service price. Most direct and aggressive solution to curb hospital prices and lower overall health system costs Curbs premium increases for consumers and employers and contains growth in state government health care spending when applied to state employee health plans. Contains out-of-pocket spending, like deductibles and coinsurance, for consumers. While the magnitude of savings depends on the specific ceiling set for prices, USofCare's study found that a cap on prices for hospital inpatient and outpatient procedures to 100% of Medicare rates across commercial payers in IN, MA, and NC would save between approximately $500 million to $ 1 billion overall per state in 2022. Another study found that implementing a cap at 200% of Medicare rates could have saved state employee health plans $7.1 billion nationwide. Analysis of Rhode Island's policy to curb hospital price growth found an average 9% reduction in hospital prices, or reduction from 106% of national average of commercial prices to 84%. The growth cap policy in RI also reduced premiums in the fully insured market by $1,000 per member relative to other states.	Curbs premium increases for consumers and employers. Contains out-of-pocket spending for consumers. While the magnitude of savings depends on the range of services included and price level set, a USofCare study found that applying site-neutral policy to the 66 MedPAC-recommended codes at 100% of Medicare outpatient rates across commercial payers in IN, MA, and NC would save between approximately $300 million to $400 million overall per state in 2022. Generates savings that can be reinvested in other areas of the state budget, including Medicaid and other state-based affordability programs.	Curbs premium increases for consumers and employers. Reduces out-of-pocket spending for consumers. While the magnitude of savings depends on the scope of services included in the policy, a USofCare study found that prohibiting any facility fee in hospital outpatient departments (HOPDs) on-campus and off-campus for subset of routine services that can be safely delivered in lower-cost settings in the states of IN, MA, and NC would save between approximately $100 million to $300 million overall per state in 2022.
Interaction with Other Policies	Generally speaking, price and price growth caps apply to a more comprehensive set of services and care settings than site-neutrality or facility fee limits. Price caps can be paired with a provision that prohibits hospitals from billing patients for any amount above the reference rate and a requirement that the same reference-based price applies to a service whether delivered inpatient or outpatient to negate the need for separate facility fee and site-neutral requirements, respectively. Price and price growth caps can also be paired with mechanisms to ensure people directly benefit from savings, such as affordability standards, for patients.	Requires a determination of what price should be used as the "site-neutral" price and can therefore incorporate policy to cap prices at a percentage of Medicare rates to the services to which site-neutral policy applies. (Basically can be implemented as a narrower version of a price cap to only apply to the smaller subset of services.) Policy can be paired with other price containment policies, such as facility fee prohibitions to protect consumers, as well as mechanisms to ensure people directly benefit from savings, such as affordability standards for patients.	This is a less comprehensive policy to address hospital prices, but it can be combined with other policies for larger impact. For example, combining a facility fee limit with a site-neutral policy can ensure that not only consumers, but also insurers do not have to pay extra for services delivered in hospital outpatient departments. This policy can also be combined with more aggressive price and/or price growth caps to ensure hospital systems do not shift prohibited facility fees into higher charges for insurers.

Policy	Price Cap or Price Growth Cap for Specific Hospital Services	Site-Neutral Payments	Limits on Hospital Facility Fees
Strengths	Helps target high outlier costs. Can be targeted towards hospitals that have excessive prices. Brings prices charged for services more in line with the actual cost to provide them. Encourages continued competition in health care markets by using dynamic pricing targets, which also can have downward impacts on health care prices. Relative ease to implement and administer. Generates savings that can be reinvested in other areas of the state budget, including Medicaid and other state-based affordability programs. Researchers find hospitals do not shift costs from publicly to privately insured patients when caps are implemented.	Removes incentives for greater consolidation in health care markets by establishing similar reimbursement for the same service regardless of facility or location, decreasing the incentive for large systems to buy up outpatient practices. Brings prices charged for services more in line with the actual cost to provide them.	Removes incentive for greater consolidation of health care facilities by reducing the ability for hospital systems to charge extra fees when they own outpatient entities. May be possible to implement this policy quicker than other pricing reforms due to its smaller application. Most directly affects consumers' costs.
Additional Consider-ations	States can design policies to apply to inpatient and/or outpatient services and for in- and out-of-network hospitals. Savings would increase by crafting policy to apply to inpatient and outpatient services. Designing policies to apply both in- and out-of-network hospitals applies more pressure for out-of-network hospitals to keep rates lower, and states, such as Oregon, have typically set the out-of-network rates lower than in-network in order to do so. Setting an out-of-network price cap that is lower than the in-network cap limits inflated prices for out-of-network care, which takes away the incentive for hospitals to exit plan networks. States may choose to exclude certain types of hospitals, such as critical access or financial distressed hospitals, from the caps. States should also include provisions to ensure premium savings are passed down to consumers. The caps can be applied to restrict what providers charge or may restrict what insurers can pay, depending on how legislation is drafted. Placing the regulation on providers can be an easier way to apply the policy to multiple markets at once.	Design considerations include whether to exempt some hospitals or vary application based on certain characteristics, for example, critical access hospitals or financially challenged hospitals. Degree of savings depends on scope of application — applying requirements to a wider array of services increases savings.	States can design policy to apply to on-campus HOPDs, off-campus HOPDs, and/or inpatient settings for select services. Policy can also be tailored to include other consumer protections, such as transparency notices and data reporting requirements.

Policy	Price Cap or Price Growth Cap for Specific Hospital Services	Site-Neutral Payments	Limits on Hospital Facility Fees
Public and Stakeholder Opinion	A bipartisan poll found that 76% of voters support limiting the prices hospitals can charge to two times the price Medicare pays. A recent USofCare poll in Maine similarly found that 72% of respondents supported capping hospital price growth. While adoption is still low among employers, a growing number of employers are considering directly implementing reference-based pricing within their plans. Hospitals strongly oppose caps, arguing Medicare rates are too low and that the risks of caps are high. Insurers have raised concerns about hospital price growth caps that are implemented through review of insurer reimbursement and premiums. USofCare public opinion research from April 2026 demonstrates widespread support for policies to target hospital prices, including regulating health care companies.	A bipartisan poll found that 84% of voters support site-neutral payment policies that would prevent hospitals from charging more than a doctor's office for routine services. Hospitals oppose site-neutral policy, arguing it puts them in financial jeopardy. Employer groups strongly support site-neutral policy as a way to contain health care costs and deter consolidation. Insurance companies are advocating for policymakers to enact site-neutral reforms. Outpatient provider groups, such as those representing ambulatory surgery centers, support site-neutral policy and believe it helps them maintain a competitive advantage in the market. USofCare public opinion research from April 2026 demonstrates widespread support for policies to target hospital prices, including hospitals not being able to charge more than doctors and regulating health care companies.	A bipartisan poll found that 83% of voters support banning facility fees that hospitals charge for outpatient services or telehealth visits. Hospitals oppose limits on facility fees, arguing the revenue from them is necessary for their operations. Insurers have offered vocal support for state-level facility fee limits. USofCare public opinion research from April 2026 demonstrates widespread support for policies to target hospital prices, including hospitals not being able to charge more than doctors and limiting facility fees.
State Examples and Other Research	State Examples (for more, see USofCare chart of reference-based pricing state action): • Oregon (see overview) • Washington (see overview) • Montana • Vermont • Indiana • Rhode Island • Deleware Other Research: • USofCare Overview • USofCare/ Brown analysis • Peterson/ Milbank: Separating the Haves and the Have-Nots • Milbank on growth caps	State Examples: • New York, (see bill and related analysis from Brown CAPHR) Other Research: • USofCare/Brown analysis • Peterson/Milbank: Separating the Haves and the Have-Nots • NASHP Model Legislation • Actuarial Research Corporation's federal savings projections	State Examples (for more, see USofCare chart of facility fee state action): • Connecticut • Colorado • Maine Other Research: • USofCare/Brown analysis • NASHP Model Legislation • NCOIL Model Legislation • Milbank: Separating the Haves and the Have-Nots