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Questions for Lawmakers to Ask Their Hospitals



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Lawmakers and Congressional staff face a seemingly endless calendar of meetings with constituents, organizations, and businesses. Prepping for those meetings takes time, especially when they cover complicated issues—like health care finance. That’s where we can help.

There are over 6,000 hospitals in the United States, and their representatives often come to Capitol Hill to brief Congress. Below, we provide six questions for lawmakers to ask their local hospitals during these meetings. We also summarize key facts to know about [hospital financing](#) which impacts your constituents, local businesses, and health care costs broadly:

1. What types of federal funding does your hospital receive and how many patients do

you have from public programs?

Did you know: The federal government funds hospitals several ways. In addition to payments to provide coverage for services under Medicare, Medicaid, and ACA coverage, the federal government also finances supplemental payments directly to hospitals for treating low-income, uninsured, and rural patients. Hospitals also receive support for uncompensated care, graduate medical education, alternative payment models, and more. Because payers have varying payment levels, the mix of patients a hospital sees heavily impacts their finances.

2. Is your hospital a non-profit? How much in charity care do you provide?

Did you know: Over half of hospitals in the United States are private, not-for-profits. They receive nearly \$38 billion a year in tax exemptions at the federal, state, and local levels. Meanwhile, they also spend less on charity care than for-profit hospitals, on average. Nine percent of hospitals collect more money for charity care than they pay out.

3. Does your hospital participate in the 340B Drug Pricing Program and how do you qualify?

Did you know: Most nonprofit hospitals are also enrolled in the 340B Drug Pricing Program, which requires drug manufacturers to provide discounted medicines to certain safety net health care providers serving large numbers of low-income and vulnerable patients. Hospitals in the 340B program receive over \$45 billion a year in discounts from drugmakers. Unfortunately, 70% of 340B hospitals provide less in charity care than the national average, and a third provide less than 1% of their revenue on charity care. Hospitals qualify for the 340B Program by being designated as a disproportionate share hospital, a children's hospital, or a type of rural hospital.

4. Is there competition among hospitals in your area, or are you the only hospital?

Did you know: Over two-thirds of hospitals are part of a larger hospital system, up from just over half in 2010. At the same time, 59% of all physicians are now hospital employees, as opposed to practicing independently. Hospitals use mergers and acquisitions to grow their market share which leads to increased prices for patients. Now, three-quarters of hospital markets are highly

concentrated. At times, big hospital systems will threaten private payers with going out of network to demand higher prices, putting patient care at risk.

Understanding the level of competition in hospital markets is critical for policymakers. Competitive markets are associated with lower prices and better quality. Hospital responses can help identify whether anticompetitive practices, such as consolidation or price-gouging, are affecting health care access and affordability in their districts.

5. How do your prices for patients with private insurance compare to Medicare?

Did you know: On average, the prices for patients with private insurance are 254% of what Medicare pays for the same services. While some variation is expected based on market conditions and geographic needs, this level significantly exceeds what is typically necessary to ensure financial viability. For example, studies suggest that prices closer to 200% of Medicare can strike a reasonable balance in many markets, reducing excessive costs while maintaining hospitals' sustainability.

Further, evidence shows that high hospital prices increase unemployment and reduce wages. In order to inflate prices, many hospitals also charge “facility fees” for outpatient care, such as chemotherapy and labs. Meanwhile, these services are provided safely in independent physician offices at a much lower price.

6. What are your operating margins on Medicare and Medicaid?

Did you know: Hospitals often justify high markups in the private sector by claiming they lose money on public programs like Medicare and Medicaid. However, this narrative doesn't tell the full story. Evidence shows that a significant share of hospitals actually have positive margins on these programs. Federal data indicates that more than half make money on Medicare, and one-third profit on Medicaid. Even the American Hospital Association's own data supports the fact that many hospitals make money on public programs. Understanding these margins is essential to evaluate whether public reimbursement rates are sufficient or if inefficiencies are driving financial outcomes.

More information about specific hospitals can be found in the links below:

- [The Lown Institute](#)
- [RAND](#)

- [Health Care Cost Institute](#)
- [National Academy for State Health Policy](#)
- [Sage Transparency](#)