

Alliance for Site Neutral Payment Reform

November 17, 2015

The Honorable Mitch McConnell
Majority Leader
U.S. Senate
S-230 U.S. Capitol
Washington, DC 20515

The Honorable Harry Reid
Minority Leader
U.S. Senate
S-221 U.S. Capitol
Washington, DC 20515

The Honorable John Cornyn
Majority Whip
U.S. Senate
S-208 U.S. Capitol
Washington, DC 20515

The Honorable Richard J. Durbin
Minority Whip
U.S. Senate
S-321 U.S. Capitol
Washington, DC 20515

Dear Majority Leader McConnell, Minority Leader Reid, Majority Whip Cornyn and Minority Whip Durbin,

As members of The Alliance for Site Neutral Payment Reform – a coalition formed to address payment parity across site of service in order to decrease Medicare and commercial spending, ensure patients receive the right care in the right setting, lower taxpayer and beneficiary costs and increase patient access – we commend Congress for the inclusion of the site-neutral payment provision in the Bipartisan Budget Act of 2015 and strongly urge lawmakers to adopt similar site-neutral payment reforms as you seek policy solutions to increase system efficiencies and reduce unnecessary healthcare spending.

The new law establishes a site-neutral payment policy for all newly acquired provider based off-campus hospital outpatient departments (HOPD). The policy would exclude any newly acquired physician that does not practice on the main campus of the hospital from the Outpatient Prospective Payment System (OPPS) and would align their payments with other physician practices paid under either the Ambulatory Surgical Center (ASC PPS) or the Medicare Physician Fee Schedule (PFS).

We advocate that this policy appropriately levels the playing field to ensure the exact same care is reimbursed at the same payment level despite the delivery setting.

While some hospital outpatient departments are seeking exemptions from this new payment policy, we urge lawmakers to stand by the budget deal and support site-neutral reform. It is time to expand site-neutral payment policies, not reverse recent progress that hasn't had the opportunity to illustrate its value.

While this provision marks an important first step in equalizing payment across sites of service, we remain concerned that large discrepancies continue to drive up healthcare spending in both private and public healthcare plans, therefore increasing costs to patients, employers, insurers and taxpayers.

Data show that current healthcare payment structures contribute greatly to a trend that lawmakers are examining closely: healthcare marketplace consolidations.

We strongly believe payment policies that support higher reimbursement in the HOPD setting encourage the acquisition of office-based physician practices, which results in higher costs and the closure of community-based care settings, further restricting patient access to care in the lower cost setting.

Just last month, a study published in the Journal of the American Medical Association (JAMA) Internal Medicine, which assessed the association between increases in physician-hospital integration and changes in spending and prices for outpatient and inpatient services, concluded that financial integration between physicians and hospitals is associated with higher commercial prices and spending for outpatient care.ⁱ

Site-neutral payment reform is a simple solution that President Obama, bipartisan lawmakers and healthcare advocates have all recognized as a vehicle for significant healthcare savings.

We strongly encourage Congress to stand by the budget's site-neutral payment policy and advance similar reforms to further protect patients and reduce healthcare spending.

Sincerely,

Alliance for Site Neutral Payment Reform

Cc: House Leadership

ⁱ "Association of Financial Integration Between Physicians and Hospitals With Commercial Health Care Prices;" <http://archinte.jamanetwork.com/article.aspx?articleid=2463591>.