

PROTECT PATIENTS AND REDUCE HEALTHCARE COSTS

The Alliance for Site Neutral Payment Reform supports the expansion of site neutral payment policies to protect patients' access to care and reduce healthcare spending

Cost Differentials

Across Medicare, reimbursement rates vary significantly based on site of service and not the healthcare service provided. Patients and Medicare pay more when the same services are delivered in the HOPD instead of independent physician practices for a wide variety of services – chemotherapy: \$281 vs. \$136¹; cardiac imaging: \$2,078 vs. \$655; and colonoscopy: \$1,383 vs. \$625². Over a three-year period, Medicare paid an additional \$2.7 billion on services and patients spent \$411 million more in out-of-pocket costs when certain services were delivered in a hospital-owned setting.³

Provider Consolidation

Payment policies that support higher reimbursement in the HOPD setting also encourage the acquisition of office-based physician practices, further restricting patient access to care in the lower cost community setting. A recent study by Avalere found patients will have a harder time finding independent physicians as hospital ownership of physician practices increased to 1 in 4 in 2015. In the six months from July 2014 to January 2015⁴ alone, 13,000 physician practices were acquired. Community-based cancer clinics have been hit particularly hard with a 172% increase in consolidation into hospitals since 2008.

Expand Policies to Equalize Payments

While the site neutral provision included in the Bipartisan Budget Act of 2015 was an important first step in instituting payment parity across sites of service there is still great opportunity for equalizing payments to protect patient choice and reduce healthcare spending. If all hospital-owned physician offices located off-campus were reimbursed at the physician office rate, Medicare could save approximately \$28.7 billion over ten years. Further, eliminating payment disparities in outpatient care by applying site neutral payments for certain services performed at on-campus HOPDs could result in \$131.4 billion in savings.⁵

Medicare should be paying the same fee for the same service regardless of where it is performed. This policy reform has the bipartisan support of lawmakers, MedPAC, GAO and a broad group of healthcare stakeholders including providers, insurers, patient advocacy groups and consumers.

CONGRESS:

Expand policies to equalize payments across sites of service for all outpatient services.

1. Medicare Program; Revisions to Payment Policies under the Physician Fee Schedule and Other Revisions to Part B for CY 2018 (CMS-1676-P)
2. Location, Location, Location: Hospital Outpatient Prices Much Higher than Community Settings for Identical Services, The National Institute for Health Care Reform (NIHCR): Published online June 2014
3. Avalere, PAI: Implications of Hospital Employment of Physicians on Medicare & Beneficiaries, November 2017.
4. Avalere, PAI: Physician Practice Acquisition Study: National and Regional Employment Changes, October 2016
5. <http://www.siteneutral.org/2019/03/13/alliance-for-site-neutral-payment-reform-applauds-inclusion-of-site-neutral-payment-reforms-in-presidents-fy2020-budget/>