



September 11, 2017

VIA ELECTRONIC SUBMISSION THROUGH www.regulations.gov

Seema Verma
Administrator
Centers for Medicare & Medicaid Services
Department of Health and Human Services
Attention: CMS-1678-P
Mail Stop C4-26-05
7500 Security Boulevard
Baltimore, MD 21244-1850

RE: Medicare Program; Revisions to Payment Policies under the Physician Fee Schedule and Other Revisions to Part B for CY 2018 (CMS-1676-P)

Dear Administrator Verma:

As members of the Alliance for Site Neutral Payment Reform, we appreciate the opportunity to comment on the Calendar Year (CY) 2018 Medicare Physician Fee Schedule proposed rule (CMS-1676-P) as published on July 21, 2017 in the *Federal Register*.

The Alliance for Site Neutral Payment Reform is a coalition of patient advocates, providers, employers and payers advocating for payment parity across sites 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 and choice.

The Alliance is pleased to see CMS refining implementation of the site neutral payment policy passed in The Bipartisan Budget Act of 2015 (BBA). This law makes important strides toward equalizing Medicare payments across sites of service, which reduces unnecessary health care spending and provides greater patient access to various care settings. The Alliance appreciates CMS's efforts and encourages consideration of the following recommendations to help further lower costs for patients, provide savings and stability to the Medicare program and promote competition in the health care marketplace.

Proposed Payment Rules under the PFS for Nonexcepted Items and Services Furnished by Nonexcepted Off-Campus Provider-Based Departments of a Hospital

In November 2016, CMS finalized several site neutral payment policies within its 2017 OPPS final rule including adoption of the Medicare Physician Fee Schedule (PFS) as the applicable payment system for nonexcepted off-campus provider-based departments (PBDs). CMS created a PFS Relativity Adjuster to establish site-specific rates for items and services furnished by nonexcepted off-campus PBDs based on a percentage of the OPPS payment amount for the same items and services. For 2018, CMS is proposing to revise the PFS relativity adjuster to 25 percent of the OPPS payment rate to better align payments made

to nonexcepted PBDs with those made for services furnished in the physician-office setting. The Alliance urges CMS to finalize this proposal to ensure continued implementation of the BBA achieves Congress' intent of equalizing payments across sites of service.

When the PFS Relativity Adjuster was established at 50 percent in 2017, CMS expressed appropriate concern that the percentage could be too high and result in overpayment for services at nonexcepted off-campus PBDs. In determining the proposed 2017 PFS Relativity Adjuster, CMS analyzed payment rates for the top 22 HCPCS codes and found the average of the PFS payment compared to the OPSS payment to be 45 percent. For the 2018 relativity adjuster, CMS conducted a code comparison of payment rates for outpatient visits. Given that the selected outpatient visits represent greater than 50 percent of services billed in off-campus PBDs and that reimbursement varied from physician office rates by as much as \$86 more, CMS determined 25 percent to be a more appropriate rate. This analysis corresponds with a 2015 GAO report that found Medicare's total payment rate for E/M office visits ranged from \$58 to \$86 higher when performed in a hospital outpatient department compared to a physician office.¹ **The Alliance agrees that the overall payment is more applicable to achieving payment parity and strongly supports CMS' proposal to modify the 2018 PFS Relative Adjuster to 25 percent.**

Expand Site Neutral Payments to All Off-Campus Outpatient Services

As noted in the proposed rule, there is no consensus among stakeholders regarding the appropriate payment rate for off-campus outpatient services. CMS will continue to field dissenting opinions as differing reimbursement rates span various outpatient settings - excepted off-campus PBDs, nonexcepted PBDs and freestanding physician practices. Most importantly is the impact on Medicare patients and their out-of-pocket costs. While passage of the BBA is moving Medicare to a more equitable payment system, it is also creating complexity for patients who face different copayment amounts for the same services, depending on the outpatient setting. Our nation's Medicare beneficiaries should not be penalized with higher cost sharing amounts because of arbitrary deadlines, construction plans or the date a hospital acquired a physician practice. Patients receiving the same services should incur the same out-of-pocket costs, regardless of the outpatient place of service. **The Alliance strongly urges CMS to work with Congress to apply the site neutral payment policy universally to all clinically appropriate off-campus outpatient departments.**

On behalf of the Alliance for Site Neutral Payment Reform, thank you for the consideration of our comments on the Calendar Year (CY) 2018 Medicare Physician Fee Schedule proposed rule (CMS-1676-P). We are happy to serve as a resource to you and welcome any questions about the issues, concerns and suggestions discussed above.

Sincerely,

The Alliance for Site Neutral Payment Reform
www.siteneutral.org

¹ GAO, Medicare: Increasing Hospital-Physician Consolidation Highlights Need for Payment Reform, December 2015.