



November 20, 2017

VIA ELECTRONIC SUBMISSION THROUGH <https://survey.max.gov/429625>

The Honorable Seema Verma  
Administrator  
Centers for Medicare and Medicaid Services  
7500 Security Boulevard  
Baltimore, MD 21244

**RE: Request for Information - Centers for Medicare and Medicaid Services: Innovation Center New Direction**

Dear Administrator Verma:

As members of the Alliance for Site Neutral Payment Reform, we appreciate the opportunity to comment on the Centers for Medicare and Medicaid Services Request for Information: Innovation Center New Direction as announced on September 20, 2017.

As a coalition of patient advocates, providers, employers and payers, The Alliance commends CMS for seeking feedback from healthcare stakeholders to promote patient-centered care and test market-driven reforms that empower beneficiaries as consumers, provide price transparency and increase choice and competition. These goals are directly aligned with the mission of the Alliance which seeks to advance payment parity across sites of service 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.

Since our inception, the Alliance has worked collectively to urge Congress and regulators to advance site neutral payment policies to equalize payments across sites of care for all outpatient services. While recent progress has been made toward leveling the playing field to ensure the exact same service is reimbursed at the same payment level despite the delivery setting, there is much more to be done. The Center for Medicare & Medicaid Innovation (CMMI) plays a critical role in our healthcare system's transition toward value-based care and should actively develop models that advance payment parity, increase transparency and encourage competition in the healthcare marketplace.

**Site Neutrality for Episodic Payment Models**

Patients, employers and taxpayers pay more when the same services are delivered in the hospital outpatient department (HOPD) instead of independent physician practices for a wide variety of services –

for example, chemotherapy: \$281 vs. \$137<sup>1</sup>; cardiac imaging: \$2,078 vs. \$655; colonoscopy<sup>2</sup>: \$1,383 vs. \$625; even a basic E/M visit costs \$51 more when performed in a HOPD<sup>3</sup>. These disparities between HOPDs and freestanding physician offices are completely unjustified as the actual treatment and care received by patients is the same regardless of the setting. This is an easy and commonsense area for change with CMMI episode based payment models.

Currently, CMMI is testing episode-based payment models for inpatient stays at acute care hospitals, joint replacements and chemotherapy treatment. In setting the payment amount for each of these models, CMS has used historical Medicare payments to establish a baseline. In future development of episodic payment models where care is primarily delivered in the outpatient setting, CMS should look at how those services are furnished, billed and paid in the freestanding physician-office as well as the hospital outpatient department setting. When payment differentials exist based on site of service, CMS should implement site neutrality for the baseline. This approach will remove inefficiencies entrenched in the Medicare payment system, put physician practices and HOPDs on a level playing field and result in savings to the program.

### **Engage and Educate Patients on Site of Service Differentials**

The Alliance appreciates The Administration and CMS' shared goal to empower patients to become more active participants in their healthcare choices through increased transparency. Currently, most patients have no idea that something as simple as a common blood test can cost three times as much in a hospital outpatient department versus the community setting. But even if a patient did want to shop around, the existing Medicare system is overly complex, forcing Medicare patients to navigate multiple payment systems with varying cost sharing amounts for the same services depending on where that service is provided.

CMMI has a great opportunity to empower and incentivize patients to make financially smart decisions so they can have more control over their healthcare costs. Medicare's website, [www.Medicare.gov](http://www.Medicare.gov), already addresses many of these topics in an effort to help beneficiaries understand the choices available to them and their potential costs. Beneficiaries can scroll through a list of covered services and quickly see how often a service is covered, and what cost sharing might be involved. However, CMS does not include information related to medical costs associated with different care settings. This is a missed opportunity to educate patients on how they can achieve lower out-of-pocket costs if they have a choice to receive care in an outpatient physician office setting or an outpatient hospital setting.

CMMI can harness the use of this information through the development of patient-focused models where beneficiaries could participate in shared savings when they choose lower-cost options. By educating patients on the cost differentials between various sites of care for identical services and allowing them to experience savings, beneficiaries can reduce spending for themselves and the Medicare program. In addition to a searchable website that allows patients to compare the cost of outpatient services, CMMI should test various communications and engagement methods to see what resonates best with beneficiaries.

On behalf of the Alliance for Site Neutral Payment Reform, thank you for the consideration of our comments on the Centers for Medicare and Medicaid Services Request for Information: Innovation Center

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<sup>1</sup> Medicare Program; Revisions to Payment Policies Under the Physician Fee Schedule and Other Revisions to Part B for CY 2017; Medicare Shared Savings Program Requirements; and Medicare Diabetes Prevention Program

<sup>2</sup> 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.

<sup>3</sup> GAO, Medicare: Increasing Hospital-Physician Consolidation Highlights Need for Payment Reform, December 2015.

New Direction. 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](http://www.siteneutral.org)