



December 6, 2023

The Honorable Mike Johnson
Speaker of the House
U.S. House of Representatives
Washington, D.C. 20515

The Honorable Hakeem Jeffries
Minority Leader
U.S. House of Representatives
Washington, D.C. 20515

The Honorable Steve Scalise
Majority Leader
U.S. House of Representatives
Washington, D.C. 20515

The Honorable Katherine Clark
Minority Whip
U.S. House of Representatives
Washington, D.C. 20515

Dear Speaker Johnson, Minority Leader Jeffries, Majority Leader Scalise, and Minority Whip Clark,

As the House works to finalize appropriations for the remainder of the 2024 fiscal year, the Alliance for Site Neutral Payment Reform urges you to consider site neutral payment reforms to achieve significant healthcare savings that directly and positively impact beneficiaries, the Medicare program, employers and American taxpayers, and enhance transparency for patients.

The Alliance for Site Neutral Payment Reform is a coalition of patient advocates, providers, payers and employers, who formed in 2015 to advocate for payment parity across site 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. 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 service for all clinically appropriate outpatient services.

The House Ways & Means Committee and the House Energy & Commerce Committee have worked tirelessly this Congress to advance policies that will increase competition and lower costs for patients across the healthcare system. These efforts, alongside the House Education and the Workforce Committee's work, resulted in H.R. 5378, the Lower Costs, More Transparency Act, bipartisan legislation that includes critical site neutral payment reforms.

The Alliance strongly supports Section 203 of H.R. 5378, which requires site neutral payments for drug administration in off-campus hospital outpatient departments (HOPDs). According to the Congressional Budget Office, this provision will save \$3.8 billion over 10 years. It will also immediately lower out-of-pocket costs for patients with cancer or autoimmune diseases. Additionally, this policy will address significant payment disparities between sites of service that are driving healthcare consolidation.

The need for broader site neutral reforms is evident. Payment policies supporting higher reimbursement in the HOPD setting have resulted in increased costs to patients, employers and taxpayers. 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, 1st hour: \$333 in the HOPD vs. \$129 in the physician office¹
- Cardiac Imaging: \$5,148 in the HOPD vs. \$2,862 in the physician office²

¹ CY2022 PFS final rule and OPFS final rule

² PAI: Updated Physician Practice Acquisition Study 2012-2018

- Colonoscopy: \$1,784 in the HOPD vs. \$1,322 in the physician office³

Put simply, if a service is provided safely in the lower-cost physician office setting, there is no reason that patients or taxpayers should be paying 2-3x more for the exact same service in the HOPD setting.

In addition to higher costs to the healthcare system, payment policies that support higher reimbursement in the HOPD setting encourage the acquisition of independent physician practices. The Medicare Payment Advisory Commission (MedPAC) found that as hospitals acquire more physician practices and more physicians become employed by hospitals, large shifts in billing are seen in chemotherapy administration, echocardiography, cardiac imaging, and office visits. According to MedPAC, in 2012, only 35% of chemotherapy administration services were provided in HOPDs; by 2019, this figure rose to 51%.⁴ This means care is actually shifting into the more expensive HOPD setting, reversing previous trends.

According to CBO, this trend will only grow. In its May 2022 baseline, CBO projected OPPS payments would grow by over 100%⁵ over the next decade; by comparison, PFS payments are only expected to grow by 20%. When adjusted for inflation in practice costs, Medicare physician payment has actually declined 26% from 2001 to 2023.⁶ This payment disparity is unsustainable and will only encourage further consolidation into the more expensive HOPD setting. A 2021 study for PAI from Avalere found that by the end of 2020, only 30% of physicians in the U.S. were practicing medicine independently; 70% were employed by hospitals or corporate entities.⁷

Congress previously recognized the negative consequences this payment disparity has on patients, taxpayers, and employers by directing CMS to institute site neutral payments for new off-campus provider-based HOPDs in the Bipartisan Budget Act of 2015 (BBA 2015). Unfortunately, the vast majority of off-campus HOPDs are still able to bill Medicare at the higher rate for the same services and still have a strong incentive to purchase physician practices and move them into existing HOPDs.

Site neutral payment reforms have long had bipartisan support from policymakers, healthcare economists, regulators and MedPAC. A recent analysis commissioned by the Blue Cross Blue Shield Association found that adopting site neutral payment policies would save Medicare \$202 billion over a 10-year period and save Medicare enrollees \$67 billion on cost-sharing.⁸ It's no wonder that 85% of voters support limiting the cost of outpatient hospital care to the same price charged by community-based physicians.⁹

Therefore, we strongly encourage you and your colleagues in Congress to embrace commonsense changes to our healthcare delivery system that will directly lower out-of-pocket costs for patients, provide savings and stability for the Medicare program and promote transparency in the healthcare marketplace. We urge Congress to pass legislation requiring site neutral payments for drug administration services and eliminating the grandfathering provisions under BBA 2015.

The Alliance looks forward to working with you and your colleagues to improve health care for all Americans and protect access to high quality, cost-effective, community-based care.

Sincerely,

The Alliance for Site Neutral Payment Reform

www.siteneutral.org

³ PAI: Updated Physician Practice Acquisition Study 2012-2018

⁴ MedPAC June 2022 Report to Congress

⁵ Medicare- CBO's Baseline as of May 2022

⁶ American Medical Association, Medicare Updates Compared to Inflation (2001-2023), April 2023

⁷ PAI: COVID-19's Impact on Acquisitions of Physician Practices and Physician Employment 2019-2020

⁸ Issue Brief: Delivering Lower Costs for Patients and Taxpayers Through Site-Neutral Payment Reform

⁹ New Poll: Majority of Voters Support Aggressive Congressional Action to Lower Hospital Prices