



September 19, 2019

The Honorable Chuck Grassley
Chairman
Committee on Finance
United States Senate
Washington, D.C. 20510

The Honorable Ron Wyden
Ranking Member
Committee on Finance
United States Senate
Washington, D.C. 20510

Dear Chairman Grassley and Ranking Member Wyden:

On behalf of the American Academy of Family Physicians (AAFP), which represents 134,600 family physicians and medical students across the country, I write to **express our disappointment with the September 17, 2019 ruling in the *American Hospital Association vs. Azar***. The ruling by the Federal District Court preserves an unjust system that costs Medicare patients more for their care and, ultimately, limits their choice of physicians by paying hospital outpatient departments more for the same services provided by community-based physicians.

The AAFP continues to support the Centers for Medicare & Medicaid Services' (CMS) efforts to implement site neutral payment policies for clinic visits at off-campus provider-based departments (PBDs). The AAFP believes that site neutral payments should be implemented across settings for all services. **We urge the Committee to advance legislation to codify site neutral policies across all sites, for all physician services.**

Site-neutral payments generate significant health care savings that directly and positively impact beneficiaries, the Medicare program, employers and American taxpayers, in addition to enhancing transparency for patients. [According to CMS](#), the proposed completion of the two-year phase-in of site neutral payments for clinic visits at off-campus PBDs is estimated to save Medicare beneficiaries \$160 million in lower copays and save the Medicare program \$650 million in 2020. Furthermore, the [Congressional Budget Office estimated](#) that eliminating the grandfathering of higher outpatient payments for existing PBDs for all services, not just clinic visits, would save \$13.9 billion over 10 years (2019-2028). Payment disparities across different sites of service continue to create unjustified financial stress on patients, community-based physicians and the Medicare program. Not only have Medicare beneficiaries been forced to pay more at hospital outpatient departments, but vertical integration has caused many community clinics to close their doors, ultimately undercutting patients' freedom to choose where they receive their care. **The cost of services should be the same regardless of the care setting patients choose.**

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The AAFP continues to fully support efforts to align payment policies for physicians in independent practice with practices owned by hospitals. The AAFP encourages policymakers to also consider site-of-service payment parity policies from a broader perspective. Namely, Medicare payments should not be higher for the same services in the inpatient, outpatient, or ambulatory surgical center setting than in the physician office setting. **The AAFP encourages Congress and CMS to create incentives for services to be performed in the most cost-effective location, such as a physician's office.**

We appreciate your attention to this matter. Please contact Erica Cischke at ecischke@aafp.org for additional information on the AAFP's position.

Sincerely,

A handwritten signature in cursive script that reads "Michael Munger MD". The signature is written in black ink and is positioned above the printed name.

Michael Munger, MD, FAAFP
Board Chair