

For Immediate Release  
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*In case you missed it!*  
**HHS OIG: CMS and patients could have saved \$1.6B  
by adopting site-neutral policy**

According to a June [report](#) from the Department of Health and Human Services' (HHS) Office of Inspector General (OIG), the Centers for Medicare and Medicaid Services (CMS) and Medicare beneficiaries could have **saved a combined \$1.6 billion** for evaluation and management (E&M) services if the agency had adopted a site-neutral payment policy in eight states from 2010-2017.

The report notes, "Historically, hospitals that purchased physician practices could treat them as either part of the hospital and integrated into the hospital for financial purposes ("provider-based") or as separate from it ("freestanding facilities"). Three Medicare Payment Advisory Commission (MedPAC) reports to Congress and a previous Office of Inspector General (OIG) report found that hospitals were increasingly purchasing physician practices and operating them as provider-based facilities because of their higher payment rates."

Currently, Medicare and private health insurers pay higher reimbursements in provider-based facilities than freestanding facilities, raising costs for both patients and payers. Polling sponsored by the **Alliance to Fight for Health Care** found insured Americans overwhelmingly disapprove of these payment policies, with 72% of insured Americans saying the **price of health care services should be the same no matter where that service is received**.

The OIG report agrees, recommending that "CMS pursue legislative or regulatory changes to lower costs for both the Medicare program and beneficiaries, by **equalizing payments as appropriate between provider-based facilities and freestanding facilities for E&M services**." For the report, the OIG examined claims for certain E&M services filed from calendar years 2010 through 2017 in eight states and found Medicare beneficiaries could have saved \$334 million and the Medicare program could have saved \$1.3 billion if the agency had paid the lower freestanding physician office rate. In addition, beneficiaries would have been required to make only one coinsurance payment rather than two and the cost-sharing would generally be lower because it would be based only on the freestanding facility rate.

While the OIG report focuses solely on Medicare, **the Alliance to Fight for Health Care** believes the commercial market could reap similar cost savings if private health insurers adopted site-neutral payment policies. That is why **the Alliance to Fight for Health Care** is working to address rising health care costs for working Americans and employers by encouraging lawmakers to enact appropriate payment parity across service sites in both the Medicare and commercial settings, ensuring patients receive the right care in the right setting at the right cost. For more information on [policies](#) to improve and expand employer-provided health care coverage, please visit us at: [www.fightforhealthcare.com](http://www.fightforhealthcare.com).

The **Alliance to Fight for Health Care** is a broad-based coalition comprised of businesses, patient advocates, employer organizations, unions, health care companies, consumer groups and other stakeholders that support employer-provided health coverage. Together, we are working to ensure that employer-provided coverage remains an available and affordable option for working Americans and their families.

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