

For Immediate Release

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Panel discussion highlights nearly \$60 billion in potential annual health care savings from site-neutral payment reform policies

Washington — The **Alliance to Fight for Health Care** hosted a February 1 panel discussion, *The Untapped Potential of Site-Neutral Payment Reform*, which featured preliminary results of a new economic study examining the potential benefit of site-neutral payment policies for the commercial and employer-provided insurance market and its beneficiaries.

The discussion, moderated by **Sophia Tripoli**, Director of the Center for Affordable Whole Person Care at **Families USA**, included the following panelists:

- **Gloria Sachdev**, president and CEO, **Employers' Forum of Indiana**
- **Stephen T. Parente**, professor of finance and Minnesota Insurance Industry Chair, **University of Minnesota Carlson School of Management**
- **Patricia Goldsmith**, CEO, **CancerCare**

At a high level, site-neutral payment is the concept of aligning payment rates for certain services across the three main sites where patients receive outpatient care – hospital outpatient departments (HOPDs), ambulatory surgical centers, and freestanding physician offices. Current Medicare and private health insurance payment policies pay more for services provided in HOPDs. According to the Medicare Payment Advisory Commission (MedPAC), which advises Congress on Medicare payment policy, this disparity is incentivizing health care consolidation and higher-health care costs.

For example, MedPAC recently noted in their [June 2022 report](#) to Congress, “in 2022, Medicare pays 141 percent more in an HOPD than in a freestanding office for the first hour of chemotherapy infusion”. These payment rate differences incentivize hospitals to shift sites of care from physician offices to HOPDs – and as noted by MedPAC, “partly in response to these incentives, in recent years hospitals have acquired more physician practices, and hospital employment of physicians has increased.” MedPAC also notes the resulting increased reimbursements are not linked to clear benefits, such as improved quality of care for beneficiaries, but they are linked to increased costs for patients.

MedPAC's June 2022 report estimated expanding site-neutral payment policies in Medicare could generate \$6.6 billion in annual savings for Medicare and taxpayers and lower cost-sharing for Medicare beneficiaries by \$1.7 billion. Effects for the commercial market are likely even greater. New research by Professor Steve Parente conducted on behalf of the Alliance estimates that expanding site-neutral payment reform could result in nearly \$60 billion in savings annually in the commercial market.

“By using price transparency data to shed light on the differences in prices paid simply based on location of service, we can work together to push for site-neutral payment reform policies that will drive down costs for patients,” said **Gloria Sachdev**, President and CEO, **Employers’ Forum of Indiana**.

“Patients facing a lengthy and physically-draining cancer journey shouldn’t have to worry about their health care costs rising during their course of treatment simply because a hospital buys a doctor’s office and changes the name on the door,” said **Patricia Goldsmith**, CEO, **CancerCare**. “Increased costs during treatment can cause confusion and be a barrier to care that may force patients to end or delay time-sensitive, life-prolonging treatment.”

“Adoption of site-neutral payment policy has the potential to drive significant cost savings across the health care system,” said **Stephen T. Parente**, Professor of finance and Minnesota Insurance Industry Chair, **University of Minnesota Carlson School of Management**. “It is also a lever for correcting distortions in the way Medicare and commercial markets reimburse providers, which has been a wind in the sails of increased provider consolidation.”

“If an MRI costs \$500 in one medical facility, it shouldn’t cost \$2,500 in another,” said **Sophia Tripoli**, Director, Center for Affordable Whole Person Care, **Families USA**. “At Families USA, we believe that hospitals should be places we go when something is broken, not places we go and come out broke. We look forward to working with Congress to help eliminate the distortions and unintended consequences current payments policies have created, driving up health care costs on people and families across this country.”

Materials

[Presentation deck](#)

[Speaker bios](#)

[Site-neutral fact sheet](#)

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 effective and affordable option for working Americans and their families. The coalition (previously working as the **Alliance to Fight the 40**), led the successful effort to repeal the so-called 40% “Cadillac Tax” on health care coverage.

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