



For Immediate Release
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In case you missed it!

MedPAC to Congress: Expand Site-Neutral Payment Policy

Last week, the Medicare Payment Advisory Commission (MedPAC) published its [June 2023 Report to Congress](#), which includes a unanimous recommendation for Congress to stop overpaying hospitals for care safely provided in a physician's office. Under this "site-neutral" policy, Medicare would pay for care based on the type of care that is provided to a patient, rather than the location of where the care is provided. MedPAC called on Congress to **"more closely align payment rates across ambulatory settings for selected services that are safe and appropriate to provide in all (hospital and physician office) settings and when doing so does not pose a risk to access."**

Currently Medicare pays hospitals more than doctors for the same outpatient care. MedPAC explains that this payment difference **created an incentive for hospitals to purchase independent physician practices to get the higher hospital reimbursement** calling the doctors' offices hospital outpatient departments (HOPDs).

While Congress initiated site-neutral payments under the Bipartisan Budget Act (BBA) of 2015, MedPAC notes that the original policy significantly limited the policy by excepting off-campus HOPDs that existed before November 2, 2015. This limitation encourages hospitals to acquire physician practices and add them to existing off-campus HOPDs where they can be paid the higher rate.

MedPAC's report urges Congress to expand site-neutral payments to outpatient services that are safely provided in physician's office settings. **MedPAC identified 66 services for site-neutral payment alignment and estimates these changes could have generated \$4.9 billion in Medicare savings and \$1.2 billion in savings for seniors in 2021.** Under current law, this policy would be implemented in a budget-neutral manner, increasing payment for non-adjusted services.

When hospitals charge more for doctor's office services, patients pay more in cost-sharing, junk fees, and premiums. The Alliance supports site-neutral payment reform and looks forward to working with Congress to expand site-neutral payments in Medicare and encourage site neutrality in commercial settings. New research by University of Minnesota economist 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. As polling conducted by the Alliance has shown, 72% of insured Americans believe the **price of health care services should be the same no matter where that service is received.**

*The **Alliance to Fight for Health Care** is a diverse 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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