

For Immediate Release  
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## *In Case You Missed It!*

### **Azar and Sebelius urge bipartisan action on site-neutral payments**

“Site-neutral payments represent a commonsense policy that will reduce costs for patients and taxpayers,” **former Department of Health and Human Services (HHS) Secretaries Alex Azar and Kathleen Sebelius** write in an [op-ed](#) published on April 18th in *STAT News*.

Azar, who served as HHS Secretary from 2018 to 2021, and Sebelius, who served as HHS secretary from 2009 to 2014, write that **“addressing health care costs is a truly bipartisan issue.”** One area “ripe” for change, according to Azar and Sebelius, is addressing a Medicare payment policy that provides an incentive for hospitals to purchase free-standing physician offices, redesignate the physician’s office as a “hospital site” and raise prices.

They describe this hypothetical: “Imagine that your favorite independent coffee shop is purchased by a global chain and your \$2 cup of joe jumps to \$4 overnight. It’s the same coffee, the same barista, and the same building — only the company name on your cup has changed. That’s essentially what’s happening in health care.”

Azar and Sebelius write, “Enacting site-neutral payments would fix this problem and ensure that hospitals are no longer able to charge more for services delivered in physician offices and outpatient clinics that they purchase.” And they encourage Congress to build on progress made under both the Obama and Trump administrations and adopt the Medicare Payment Advisory Committee’s (MedPAC) June 2023 recommendation **“to advance site-neutral payment for a select set of low-complexity medical services** such as office visits, X-rays, minor procedures, and drug injections” – a move that **“could result in billions in savings for patients and taxpayers while reducing perverse incentives for consolidation.”**

The **Alliance to Fight for Health Care** strongly supports the site-neutral payment provisions included in the [Lower Costs, More Transparency Act](#) (LCMTA) that lower health care costs by expanding site-neutral payment reform and ensuring fair billing practices for care provided by off-campus hospital outpatient departments (HOPDs). The LCMTA passed the House in December by a vote of 320 to 71. We urge **the Senate to quickly take up these proposals, which have broad stakeholder support representing physicians**, employers, patient advocacy groups and more, including the Alliance to Fight for Health Care, American Benefits Council, Families USA, Leukemia & Lymphoma Society, American Academy of Family Physicians, American College of Physicians, Community Oncology Alliance, US Oncology Network, National Restaurant Association, and more.

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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## FIRST OPINION

# Former HHS secretaries: Congress should adopt site-neutral payments for health care

By Alex Azar and Kathleen G. Sebelius

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[Reprints](#)

**A**s two former secretaries of Health and Human Services, we are all too familiar with the struggle of finding narrow openings for bipartisanship. Despite our different approaches, we believe that addressing health care costs is a truly bipartisan issue. To be serious about creating access for people to the best possible care, that care must be affordable for patients and taxpayers. One issue that is particularly ripe for bipartisan compromise is site-neutral payments.

Even though we served under presidents for different parties, we both recommended that Congress adopt policies advancing site-neutral payments to save patients and taxpayers money. People should pay for the care they receive, not for the sign on the door.

Imagine that your favorite independent coffee shop is purchased by a global chain and your \$2 cup of joe jumps to \$4 overnight. It's the same coffee, the same barista, and the same building — only the company name on your cup has changed.

That's essentially what's happening in health care. When a free-standing physician office is purchased by a hospital system, what you pay for an X-ray, injection, or office visit goes up because that office now appears on paper as a "hospital site" — even though nothing about the location or the services provided has changed in the real world. That designation allows the new hospital system owners to bill higher rates for the services performed in the office, which in turn results in higher prices.

Enacting site-neutral payments would fix this problem and ensure that hospitals are no longer able to charge more for services delivered in physician offices and outpatient clinics that they purchase.

Paying more based on where a medical service is performed drives up costs. It also encourages consolidation and makes it difficult for independent physician offices to compete. Current payment policies incentivize hospitals to purchase independent physician practices so they can charge hospital prices for the same care, driving up costs.

[Data show](#) that cancer patients who receive care in a hospital's outpatient clinic will be charged more than 141% more than if the exact same care was provided in a freestanding facility. Some patients also face additional, unfounded [add-on fees tacked on by hospitals](#) that purchase freestanding facilities. These perverse incentives have led to more and more care shifting from freestanding physicians' offices to hospital outpatient departments, resulting in higher spending without improvements in patient care.

Presidents Obama and Trump both tried to fix this problem by including site-neutral payment policy in their budget proposals. In 2015, President Obama signed into law the [Bipartisan Budget Act of 2015](#), which implemented site-neutral payment reform for the Medicare program. Advancing the concept of site-neutral payment policy was also a guiding principle of the Trump administration, including [proposing expanding the budget act's site-neutral policy](#) to previously exempted facilities, [issuing rules](#) requiring hospital price transparency, and [supporting legislation to prohibit surprise medical billing](#).

Work remains, however, and the current Congress has another shot. Last June, the Medicare Payment Advisory Committee ([MedPAC](#)), a nonpartisan group of experts that advises Congress, [recommended that lawmakers move to advance site-neutral payment](#) for a select set of low-complexity medical services such as office visits, X-rays, minor procedures, and drug injections. These recommendations could result in billions in savings for patients and taxpayers while reducing perverse incentives for consolidation.

Site-neutral payments represent a commonsense policy that will reduce costs for patients and taxpayers. It will diminish perverse incentives for consolidation, and incentivize care

delivery in the right place for the right price. It's a no-brainer that we believe could reduce costs for patients and payers.

*Alex Azar sits on several corporate and advisory boards, and is a part-time adjunct professor of business and senior executive-in-residence at the University of Miami Herbert Business School. He was the secretary of Health and Human Services from 2018 to 2021. Kathleen Sebelius is the CEO of Sebelius Resources LLC; chairs the board of Humacyte and serves on the boards of several other health-related companies; continues to do policy work with the Kaiser Family Foundation (KFF); and co-leads the Health Strategy Group for the Aspen Institute. She was the secretary of Health and Human Services from 2009 to 2014.*