

Budget Deal Includes Site-Neutral Offset That Hospitals Oppose And Oncologists Back

The budget and debt-limit deal would cut Medicare spending by instituting a new policy under which CMS would no longer pay higher hospital-outpatient rates when hospitals buy physician practices and ambulatory surgical centers. Hospitals oppose the measure, but primary physicians and independent cancer centers support it.

The site-neutral hospital payment measure would take effect upon the law's enactment, so it would not cut pay to physician practices that hospitals previously acquired. It also would apply only to practices located off of hospital campuses.

The Alliance for Site Neutral Payment Reform, which represents independent cancer doctors and patients, supports the site-neutral payment policy. The group says allowing higher reimbursement for physician practices that hospitals buy and then convert to outpatient departments needlessly increases Medicare spending and causes community-based physician practices to close.

Likewise, the American College of Physicians, which represents internists, also supports the deal.

The American Hospital Association opposes the deal. It says the site-neutral offset fails to take into consideration the higher costs of running hospitals, such as the around-the-clock access to emergency acute-care services. Hospitals also say the measure thwarts alignment between hospitals and physicians to better provide care.

Community Oncology Alliance Executive Director Ted Okon said Medicare should not subsidize emergency care with a system that encourages hospitals to buy private physician practices so they can charge more for physician services. He noted that congressional Medicare payment advisers recommended similar site-neutral policies.

Cancer doctors are not the focus of the site-neutral measure, but oncology services are a good example of the payment disparity between hospital outpatient and physician offices. It's common for patients to be hit with significantly higher bills for chemotherapy from one cycle to the next because in the interim a hospital bought the practice, even though they're receiving chemotherapy at the same office, staffed by the same providers.