

Site-Neutral Coalition Formed As Congress Considers Equalizing Medicare Payment Across Settings

Health plans, cancer patients, nursing homes, and primary care doctors and internists have formed the Alliance for Site-Neutral Payment Reform to lobby Congress for payment policies that would reduce Medicare spending while increasing payment for providers in the coalition. Lobbyists for providers across the four post-acute care sectors believe site-neutral pay is near the top of the list of offsets that Congress is considering to pay for an expected bill to override steep Medicare physician pay cuts scheduled for April 1.

The Alliance is lobbying Congress to pay the same rates for services regardless of where those services are provided. The group wants site-neutral pay between hospital outpatient departments and physician offices, which would benefit family physicians and internists.

The Alliance states that health plans would benefit from site-neutral policies because spending disparities in Medicare also apply to the commercial market. Cancer patients want site-neutral payment because they pay more for care when treated by oncologists who are employed by hospitals. Research by Milliman shows cancer care delivered

in the hospital setting costs Medicare beneficiaries \$650 more a year in out-of-pocket copayments compared to community-based cancer care.

President Obama added a policy to his 2016 budget request this year that would pay the same Medicare rates for services provided in hospitals and physician offices.

Site-neutral payment policies may be considered as an offset as Congress considers how to pay for either temporarily overriding payment cuts schedule by the Sustainable Growth Rate formula or replacing the formula. Even if Congress ends up fixing SGR this year, it will likely need to first patch it before the end of March.

Hospitals complain that their profit margins are razor thin and that cutting areas with higher profits will drive many of them out of business. The Alliance acknowledges the problems that hospitals face, and it says Congress should fix the payment system for hospitals and stop overpaying for services in hospital outpatient departments to offset payment that is too low in other areas.