

SITE NEUTRAL POLICIES KEY TO STABLE MEDICARE PHYSICIAN PAYMENT, LOWER OVERALL COSTS

Implementing site-neutral Medicare payment policies could replace the budget neutrality requirements that have driven cuts to physician payment while supporting independent practices and lowering overall health care costs for the American people, Rep. Michael Burgess (R-TX) suggested to Health and Human Services (HHS) Secretary Xavier Becerra during a recent Congressional hearing on the President's 2025 budget.

Generally, site-neutral payments mandate uniform Medicare payments for health care services across all settings and reduce the financial burden on patients who might otherwise pay more for the same treatment at a hospital than at a physician's office. Bipartisan lawmakers and numerous outside stakeholders have been rallying to institute site neutral policies for more than a year but have yet to overcome the strong opposition from the hospital industry.

Meanwhile, physicians have been urging Congress to make permanent changes to Medicare's physician payment system, which cut doctors pay by about 3.4% as of January 1st, although Congress partially mitigated the reductions in March. One of the reform proposals would be to address the policy, implemented in 1992, that requires changes in the Medicare Physician Fee Schedule (MPFS) to be made in a budget neutral manner by reducing payment across the board if spending on any service increases by more than \$20 million.

During the hearing, Burgess asked Becerra if HHS would consider modifying the upcoming MPFS proposed rule to avoid large budget neutrality adjustments and provide stability to facility physicians after many decades of "disruptive" payment rules. Becerra replied that Congress implemented the budget neutrality rules, which must be adhered to, but he expressed willingness to review the issue more closely with Burgess.

Burgess, who chairs the Health Care Task Force of the House Budget Committee, suggested that site neutrality can replace budget neutrality. He also questioned the absence of site neutrality in President Biden's latest budget proposal -- a policy that has been a staple in presidential budgets for a decade.

Hospitals and pharmacy groups, including the American Hospital Association and the American Society of Health-System Pharmacists, have ardently opposed site-neutrality, warning that such policies would decrease revenue and lead to service reductions. They contend that hospitals manage more complex medical cases and provide a broader array of services than doctors' offices, which justifies their higher costs and reimbursement rates.