

CMS ADMINISTRATOR VERMA SAYS SITE-NEUTRAL POLICIES ADD COMPETITION

Centers for Medicare and Medicaid Services (CMS) Administrator Seema Verma recently called out large hospital systems for anti-competitive behavior, and said CMS policies like pay cuts for 340B drugs and site-neutral pay policies -- both of which led to lawsuits over CMS' authority to enact them -- were put in place to help combat consolidation and physician movement from independent work to hospital employment.

In a blog post on CMS' website, Verma also says the government can exacerbate problems with provider consolidation that drive up high health care prices. She pointed to a "thicket of regulations that CMS has rolled out over the years," which she said has accelerated consolidation because the costs are too high for small, independent physicians to bear so they are forced to become hospital employees.

"This consolidation has unfortunate implications for our healthcare system," Verma says. "We have seen many examples of anti-competitive behavior by large hospital systems, including hospitals thwarting price transparency, hospitals demanding that insurers include them in their networks, and hospitals discouraging the inclusion of competitor systems in insurers' networks."

She says the Trump administration is "turning the tide" by looking to inject competition in the market -- and she points to CMS' site-neutral pay cuts.

Verma also says in the blog that the site-neutral hospital policies build on other changes to "promote competition and counter the push toward consolidation. Our site-neutral pay policy ensures real competition and puts all doctors on a level playing field, which benefits patients."

The final 2019 hospital outpatient rule established a new payment rate for off-campus hospital outpatient clinic visits that is equivalent to what those visits would be paid under Medicare's physician fee schedule. CMS plans to phase in the pay reductions over a two-year period so that hospitals would see a \$380 million pay cut in 2019 and a \$760 million pay cut in 2020.

But AHA and AAMC sued CMS late last year over the cuts, and that lawsuit is ongoing. The hospitals say CMS can't simply ignore the way Congress has written site-neutral and payment policy to cut the reimbursement for clinic visits at certain off-campus hospital outpatient facilities. ■