



March 22, 2018

The Honorable Bill Cassidy, MD
United States Senate
520 Hart Senate Office Building
Washington, DC 20510

Re: Feedback on Health Care Price and Information Transparency

Dear Senator Cassidy:

As members of The Alliance for Site Neutral Payment Reform, we commend the bipartisan Senate health care price transparency working group for seeking stakeholder input on greater price and information transparency. As the working group reviews policy options to provide patients with more health care choices at less cost, we encourage you to consider expansion of site neutral payment policies for outpatient services to help empower patients, promote competition in the health care marketplace and decrease costs.

The Alliance for Site Neutral Payment Reform is a coalition of patient advocates, providers, payers, manufacturers and employers, who formed in 2015 to advocate for payment parity across site of service to decrease Medicare and commercial spending, ensure patient access to the right care in the right setting and lower taxpayer and beneficiary costs. Since our inception, the Alliance has worked collectively to urge Congress and regulators to advance site neutral payment policies to equalize payments across sites of service for all outpatient services.

As a practicing physician, you are well aware that reimbursement rates vary significantly based solely on the site of service and not the health care service provided. These payment disparities have direct economic consequences on America's health care system through higher patient, employer, taxpayer and Medicare costs. Further, these disparities are a direct outgrowth of increased consolidation of the health care marketplace, which further increases costs by incentivizing investment in care settings that allow for higher reimbursements. Recent progress has been made toward leveling the playing field to ensure the exact same service is reimbursed at the same payment level despite the delivery setting, but there is much more to be done.

The Alliance urges the working group to embrace site neutral payment policies as a commonsense change to our health care delivery system that will lower costs for patients, increase transparency and promote competition in the health care marketplace.

Provider Consolidation

Hospital outpatient departments (HOPDs) are paid significantly higher rates for the exact same services provided in an outpatient physician office setting. Payment policies that support higher reimbursement in the HOPD setting encourage the acquisition of office-based physician practices, further restricting patient

access to care in the lower cost community setting. Data continues to demonstrate the negative effects that hospital acquisition of independent physician practices has on patient costs and access.

- A recent study by Avalere found patients will have increased difficulty finding independent physicians as hospital ownership of physician practices increased to 1 in 4 in 2015.¹ In the six months from July 2014 to January 2015 alone, 13,000 physician practices were acquired.
- Patients spent \$411 million more in out-of-pocket costs over a three-year period when services were delivered in a hospital-owned setting.²
- A survey of community-based oncologists concluded cancer clinics have been hit particularly hard with a 172 percent increase in hospital consolidations since 2008.³
- A Milliman study found the portion of chemotherapy infusions delivered in hospital outpatient departments increased from 15.8 percent in 2004 to 45.9 percent 2014 in the Medicare population.⁴
- According to the Government Accountability Office (GAO), the number of vertically consolidated hospitals and physicians increased from 2007 through 2013. Specifically, the number of vertically consolidated hospitals increased from about 1,400 to 1,700, while the number of vertically consolidated physicians nearly doubled from about 96,000 to 182,000.⁵

Unless steps are taken to stem consolidation in the health care marketplace through the advancement of site neutral payment policies, health care spending will continue to increase while patient access to community-based care will decrease.

Empower Patients

The Alliance shares the working group's goal of empowering patients to become more active participants in their health care choices through increased transparency. Currently, most patients have no idea that something as simple as a common blood test can cost three times as much in a hospital outpatient department versus the community setting.⁶

Even if a patient did want to shop around to explore care costs, the existing health care system is overly complex. Patients would have to navigate multiple payment systems with varying cost sharing amounts for the same services depending on where that service is provided.

For example, the Medicare Payment Advisory Commission (MedPAC) has reported that patient cost sharing in the HOPD setting is more than double than patient cost sharing for services in a physician office for mid-level evaluation and management (E/M) visits. Furthermore, Medicare program costs are nearly three times higher due to these discrepancies, increasing costs to beneficiaries and American taxpayers.⁷

¹ Avalere, PAI: Physician Practice Acquisition Study: National and Regional Employment Changes, October 2016

² Avalere, PAI: Implications of Hospital Employment of Physicians on Medicare & Beneficiaries, November 2017

³ Community Oncology Alliance: 2016 Practice Impact Report, October 2016

⁴ Milliman, "Cost Drivers of Cancer Care: A Retrospective Analysis of Medicare and Commercially Insured Population Claim Data 2004-2014," April 2016

⁵ Government Accountability Office, "Increasing Hospital-Physician Consolidation Highlights Need for Payment Reform, Government Accountability Office," December 2015

⁶ Location, Location, Location: Hospital Outpatient Prices Much Higher than Community Settings for Identical Services, The National Institute for Health Care Reform (NIHCR): Published online June 2014.

⁷ MedPAC Report to Congress, June 2013

	Physician Office Rate	Total HOPD Rate Including Facility Rate
Program Payment	\$39.76	\$98.70
Beneficiary Cost Sharing	\$9.94	\$24.68
Total Payment	\$49.70	\$123.38

Equalize Payments Across Care Settings

The Alliance applauds Congress for recognizing the negative consequences unfair payment disparities have on patients, taxpayers and businesses by directing CMS to align payments for certain provider-based off campus HOPDs with payments to physician practices in the Bipartisan Budget Act of 2015 (BBA). However, the BBA reforms represent only a small step in the right direction. The site neutral payment policy only applies to newly acquired provider-based off-campus facilities, allowing all existing off-campus HOPDs to continue billing at the much higher rate for the same services. Compounding this issue was a provision included in the 21st Century Cures Act, which further exempts certain facilities from the site neutral payment law.

Patients should not be penalized with higher cost sharing amounts based on an arbitrary grandfathering provision or the date their physician's office was acquired by a hospital. Patients receiving the same services should be able to expect the same out-of-pocket costs, regardless of the outpatient place of service. Therefore, we strongly encourage you and your colleagues in Congress to embrace commonsense changes to our health care delivery system that will lower costs for patients, provide savings and stability and promote competition in the health care marketplace. To do so, **the Alliance strongly urges the working group to eliminate all exemptions from the site neutral payment law to ensure payment parity across all outpatient settings.**

The Alliance appreciates your commitment to moving toward a more patient-centered health care system. Advancing site neutral payment policies will help achieve that goal through lower costs for patients, increased transparency and the promotion of competition across the health care marketplace without jeopardizing patient access to care or reducing patient choice.

We would welcome the opportunity to discuss these policies in more detail with you and your staff. Please contact us at info@siteneutral.org to arrange a mutually convenient date and time for a more substantive discussion. We look forward to working with you to improve health care for all Americans and protect access to quality, cost effective, community-based care.

Sincerely,

The Alliance for Site Neutral Payment Reform
www.siteneutral.org

Cc. Senator Michael Bennet
 Senator Tom Carper
 Senator Chuck Grassley
 Senator Claire McCaskill
 Senator Todd Young