

SITE-NEUTRAL PAYMENT REFORM



Same service, same price. It's simple. You should be charged the same price when you receive the same routine medical service no matter where you get it. **But this isn't the case.** Patients, employers, and taxpayers are charged billions more simply because of where they receive care. The reason? Big hospital systems are buying up small physician practices. And when the logo on the door changes, you pay more for the same routine services. Even when you're seeing the same doctors.

HOSPITALS ARE DRIVING UP COSTS FOR ROUTINE SERVICES

Health Care Consolidation

Big hospital systems have been buying up small physician practices to consolidate their market power and charge higher prices for routine services. Hospitals can rebrand these physician practices as hospital outpatient facilities, allowing them to charge Medicare and commercial insurers higher prices. When the logo on the door changes, patients pay more for routine services like a regular check-up or an MRI, even when those services are frequently and safely provided in a lower cost setting such as a doctor's office.

WHAT IT MEANS FOR PATIENTS

Less Affordable Health Care Options

- **52%** of physicians are currently employed by hospitals and health systems.¹ And when a physician's office is acquired by a hospital system, the **PRICES INCREASE BY MORE THAN 14%.**²
- Patients no longer have alternative, lower-cost options to choose from and care is shifting from physician offices to hospital outpatient departments.
- The volume of chemotherapy administration in Medicare declined by more than **14%** in freestanding clinician offices and **INCREASED BY 21%** in hospital outpatient departments between 2015 to 2021.³
- In 2021, a [majority](#) of chemotherapy visits for Medicare patients were billed by hospital outpatient departments.⁴
- Other ambulatory services also [shifted from physician offices](#) to higher cost hospital outpatient departments, including office visits, nuclear cardiology, and echocardiography.⁵

Higher Bills for the Same Service

When a patient receives care at a hospital outpatient department for routine services, the hospital system that owns the practice is allowed to bill as though the care was received in a hospital even though the patient is treated by their regular doctor. Patients often experience this as a facility fee, which hospitals tack on in addition to the bill from the physician who provides the care. Facility fees routinely [increase patient costs](#) by hundreds or even thousands of dollars.⁶

WHAT IT MEANS FOR PATIENTS

Patient Prices Increase

On average, when hospitals bill a facility fee in the commercial market:

- The price for an ultrasound increases from **\$164** to **\$339**.
- The price for a biopsy increases from **\$146** to **\$791**.
- The price for an office visit increases from **\$118** to **\$186**.⁷



Medicare Spending Increases

- **194% MORE** - that’s how much more Medicare pays for an echocardiogram in a hospital outpatient department than a freestanding physician office.⁸
- In 2023, for an epidural injection in a lumbar or sacral region, Medicare paid **\$255.89** if the service was provided in a physician’s office and **\$740.88** when provided in a hospital outpatient department.⁹
- These higher prices mean higher premiums and copays for Medicare beneficiaries.

Increase in Medical Debt

Outpatient hospital services, including many that could safely be provided in a doctor's office, are contributing to growing medical debt in this country.

- **100 MILLION+** Americans are impacted by medical debt.¹⁰
- **59%** of those with medical debt said it was from a lab fee or diagnostic test.¹¹
- Many of the services experts recommend should be paid a site-neutral payment are the [top source of medical debt](#) for consumers, including lab fees, diagnostic tests, and doctor’s visits.¹²

WHAT CONGRESS CAN DO TO PROTECT PATIENTS

Congress has the opportunity to pass common-sense, bipartisan solutions that would protect patients from being charged more for services based on where they receive them, and save patients, employers, and taxpayers billions in overpayments every year.

A number of policy experts and stakeholders are calling for legislation to expand “site-neutral payments” in the Medicare program. This measure would create greater parity in health care pricing regardless of the setting in which services are provided.

Site-neutral payment policies have the potential to...

- Lower Medicare spending by more than **\$150 BILLION**¹³
- Reduce health care costs for Medicare beneficiaries by more than **\$90 BILLION**¹⁴
- Save employers and consumers in the commercial market more than **\$140 BILLION**¹⁵

Site-neutral payment reform is a bipartisan policy solution.

- Recent [polling](#) shows that **85% OF VOTERS** from both sides of the aisle are supportive of limiting outpatient fees to the same price charged by doctors in the community.¹⁶

Site-neutral payments would de-incentivize medical monopolies.

- Currently, hospitals are incentivized to buy up local doctor’s offices to increase prices and shift services to higher-cost settings. Site-neutral payment policies would reduce the financial incentive to consolidate, and protect American families and individuals from hospital price gouging.

ENDNOTES

1. [Physician Advocacy Institute, COVID-19’s Impact On Acquisitions of Physician Practices and Physician Employment 2019-2021](#)
2. [Journal of Health Economics, The effect of hospital acquisitions of physician practices on prices and spending](#)
- 3-5. [MedPAC Report to Congress 2023](#)
6. [Consumer Reports, The Surprise Hospital Fee You May Get Just for Seeing a Doctor](#)
7. [Health Cost Institute, Facility Fees and How They Affect Health Care Prices](#)
- 8-9. [MedPAC Report to Congress 2023](#)
10. [Kaiser Family Foundation, 100 Million People in America Are Saddled With Health Care Debt](#)
- 11-12. [Kaiser Family Foundation, Health Care Debt In The U.S.: The Broad Consequences Of Medical And Dental Bills – Main Findings – 9957](#)
- 13-15. [Committee for a Responsible Federal Budget, Equalizing Medicare Payments Regardless of Site-of-Care | Committee for a Responsible Federal Budget](#)
16. [Arnold Ventures, New Poll: Majority of Voters Support Aggressive Congressional Action to Lower Hospital](#)