

June 6, 2023

The Honorable Charles E. Schumer
Majority Leader
United States Senate
Washington, DC 20510

The Honorable Mitch McConnell
Minority Leader
United States Senate
Washington, DC 20510

The Honorable Kevin McCarthy
Speaker
U.S. House of Representatives
Washington, DC 20515

The Honorable Hakeem S. Jeffries
Minority Leader
U.S. House of Representatives
Washington, DC 20515

Dear Leader Schumer, Leader McConnell, Speaker McCarthy and Leader Jeffries:

High and rising health care prices are putting an unprecedented burden on consumers, employers, and state and federal taxpayers. A significant driver of these higher prices and costs of care stems from the fact that **different prices are charged for the same service simply because they are delivered in different facilities**. It creates market inefficiencies that, if addressed, could save consumers, employers, the federal government and taxpayers billions of dollars.

These payment differentials incentivize care delivery in higher-cost hospital outpatient departments rather than lower-cost physician offices. Some hospital outpatient departments bill as if the services were provided in the hospital to charge even higher prices for the care they provide. This shift to higher cost care settings contributes to higher spending on less complex health care services such as office visits and imaging that can be safely delivered in a doctor's office. Patients also face higher prices and pay more out-of-pocket for the same care.

Paying more for the same service when delivered in an outpatient facility rather than a community-based physicians' office also creates a financial incentive for hospitals to purchase physician practices and rebrand them as off-campus hospital outpatient departments (HOPDs) to command higher payments. This contributes to vertical consolidation between hospitals and physicians and an increasingly uncompetitive health care market with higher prices. These higher commercial prices are then passed on to businesses and consumers and other payers as higher health insurance premiums, deductibles, and copays. It also affects rural communities as consolidation in smaller markets often shifts resources from independent hospitals to larger consolidated systems, undermining patient choice and access to care.

We are a non-partisan group of organizations that represent consumers, businesses, purchasers, and physicians who are working together to make high-quality health care more affordable. **We urge you to advance reforms to promote site-neutral payments and site-of-service billing transparency in a way that protects access to care.** We support bipartisan efforts by lawmakers to implement policies that address site-based payments and slow further vertical consolidation.

The simple fact is site-neutral payment reform saves money for patients, businesses and taxpayers. The Congressional Budget Office (CBO) estimates that this policy could save Medicare approximately \$140 billion over the next decade. And, a recent study projects that these policies could reduce health care spending by \$153 billion over the next decade including lowering premiums and cost-sharing for Medicare beneficiaries by \$94 billion and for those in the commercial market by at least \$140 billion. These reforms will lower health care costs for patients going to these facilities, especially for services such as imaging and doctor visits, which are the leading cause of medical debt.

It's time to correct this long-standing misalignment in the health care system and relieve this financial burden on consumers, patients, employers and taxpayers.

Sincerely,

American Academy of Family Physicians

Leukemia & Lymphoma Society

AARP

Families USA

American Benefits Council

Purchaser Business Group on Health

America's Health Insurance Plans

Small Business Majority

Arnold Ventures

The ERISA Industry Committee

Sources:

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