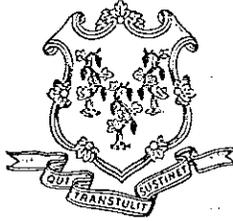


SENATOR MARTIN M. LOONEY
PRESIDENT PRO TEMPORE

Eleventh District
New Haven, Hamden & North Haven
March 3, 2016



State of Connecticut

SENATE

Good afternoon Senator Crisco, Representative Megna and members of the Insurance and Real

Estate Committee. I am here to testify in support of SB 281 AN ACT REQUIRING SITE-NEUTRAL REIMBURSEMENT POLICIES IN CONTRACTS BETWEEN HEALTH CARRIERS AND HEALTH CARE PROVIDERS.

Last year, SB 811 (PA 15-146) originally had contained a provision to create site neutral payment policies between physician owned practices and hospital owned outpatient practices. The site neutral reimbursement provision was ultimately removed in order to facilitate passage of the bill. The disparity in pricing for the same procedure at different sites of service goes beyond any rational explanation. One of the arguments used against including site neutral payment policies in that bill was that this policy had never been implemented anywhere. However, since then this policy has been included by Congress in the 2015 bipartisan budget deal¹. The mechanism used by Congress is not ideal in that it is only prospective (it would apply to practices acquired after January 2017) and the payment rate for all is the lower physician rate. I would recommend that site neutral payment be implemented for all practices acquired after 2008 and I would suggest that the rate be slightly higher than the reimbursement for private physicians. There are a variety of possible ways to set guidelines for that reimbursement rate and I would be happy to work with you on this matter. There are also a variety of ways to narrow the scope of this policy such as making it apply to only a subset of The Medicare Payment Advisory Commission (MEDPAC) recommendations (e.g. start with evaluation and management codes). I look forward to working with you to alleviate these site-driven disparities in healthcare costs.

¹ (Section 603) that provides that effective January 1, 2017, Medicare payments for most items and services furnished at an off-campus department of a hospital that was not billing as a hospital service prior to the date of enactment will be made under the applicable non-hospital payment system

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