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Connecticut State Medical Society Testimony on
Senate Bill 40 An Act Requiring Site-Neutral Payments for Health Care Services
Insurance and Real Estate Committee
February 7, 2019

Senators Lesser, Representative Scanlon and Members of the Insurance and Real Estate Committee, on behalf of the physicians and physicians-in-training of the Connecticut State Medical Society (CSMS) thank you for the opportunity to present this testimony on **Senate Bill 40 An Act Requiring Site-Neutral Payments for Health Care Services**. We fully agree with the intent of this legislation that such differentials established by health insurers based are inconsistent with the best interest of patients and unfair to physicians.

CSMS first brought this issue to this Committee in 2010 with Senate Bill 255 An Act Prohibiting Differential Payment Rates to Health Care Providers For Colonoscopy or Endoscopic Services Based On Site Of Service. At that time, we pointed out that recent literature underscores significant problems with establishing site-of-service differentials related to reimbursement levels by site. In addition, such differentials can create incentives for physicians to perform procedures in settings to which they do not have access such as office-based suites or Ambulatory Service Centers (ASC), and penalizes physicians by reducing reimbursement in hospital-based facilities, failing to take into account that the same physician service is being provided regardless of the setting.

However, a lot has changed since the limited site-neutrality legislation proposed in 2010. The healthcare delivery landscape is almost unrecognizable from what it was six years ago, including a significant transformation in physician employment by setting and employer. For that reason, we welcome the opportunity to work with Committee members and the General Assembly to address this issue today to help confront health care cost issues that are impacting access to care in Connecticut. The first step should be a comprehensive review or study of per service costs, cost of episodes of care, utilization of services associated with the primary service being delivered, the cost of overhead for facilities that require more staffing to operate, and the quality of care and associated outcomes tied to site of service care delivery. We believe that once we gather that information, we can collectively develop the best legislation possible to ensure that the physician community and their patients are not negatively impacted by unintended consequences.

Site of service differentials exist across all payers. In 2016, the Physicians Advocacy Institute (PAI) commissioned a comprehensive study by Avalere Health to examine the real impact of site of service differentials for selected services in the Medicare payment system.