

S.B. 40 - AN ACT REQUIRING SITE-NEUTRAL PAYMENTS FOR HEALTHCARE SERVICES

Brooks Goodison, President  
Diversified Group  
Marlborough, CT

Thank you for this opportunity to submit written testimony in favor of S.B 40 – An Act Requiring Site-Neutral Payments for Healthcare Services. Historically, insurers have typically paid a higher rate for the same service when performed at a hospital out-patient department rather than a physician’s office. Many insurers and plan sponsors see these payments as wasteful because numerous physician’s offices can deliver the same services at a much lower cost to the plan. Also, hospitals are incented by this differential to purchase physician groups and rebrand them as an off-campus hospital out-patient department, driving up the cost of physician services; thus increasing costs for plans, plan sponsors and covered members.

The Centers for Medicare and Medicaid Services have recently made proposals that push toward the same payment for the same service provider regardless of site of care. Medicare, in particular, has endorsed site neutral payments since 2015. Medicare estimates enforcing site neutral payments would save about \$610 million in claim costs to Medicare and patients would save about \$150 million via lower copayment amounts.

While clinical considerations are always expected to be the primary focus in site of care decisions, differences in payment rates may encourage providers to structure service offerings in such a way as to promote movement to a more costly hospital out-patient department. As a Third Party Administrator of self-insured health plans, we strongly support this legislation as it denotes a step toward easing the spiraling health care costs facing employer plan sponsors and plan members. Our support includes a move toward payment neutrality for all services delivered in hospital out-patient departments that can be safely delivered outside of a hospital, including a move toward the same payment for the same service provider regardless of setting. Provider payments should be based on the setting where members have access to adequate care at the lowest cost.