



# UNITED STATES of CARE

## FEDERAL AND STATE ACTION TO ADDRESS FAIR BILLING

**Lower Costs, More Transparency (LCMT) Act (H.R. 5378, introduced 2023):** Would codify and expand hospital transparency requirements, require off-campus HOPDs to obtain a unique National Provider Identifier (NPI), and apply site neutrality to physician-administered drugs.

**Site-based Invoicing and Transparency Enhancement (SITE) Act (S.1869, introduced 2023):** Would remove exemptions from Medicare's site-neutrality requirements and expand these provisions to the private insurance market.

**Colorado (HB 1282, 2018):** Requires providers not located on the main campus of a hospital, including HOPDs, to have a unique NPI.

# UNITED SOLUTIONS *for* CARE

PROMOTING FAIR BILLING PRACTICES THROUGH SITE-NEUTRAL PAYMENT

Informed by listening to thousands of people across the country, USofCare's United Solutions for Care agenda represents a set of four goals and twelve targeted and achievable solutions to help us build a fairer health care system. The policy principles outlined here respond to one of those twelve solutions: reducing or eliminating out-of-pocket costs, and one way to do this is by promoting fair billing through site-neutral payment policy.

High health care costs remain a top concern for people nationwide. One of the biggest drivers for these cost increases are rising hospital prices as health systems have consolidated by acquiring independent physician offices and freestanding medical clinics. When this occurs, health systems are able to reclassify these formerly independent facilities as "hospital-based outpatient departments (HOPDs)" eligible for a higher reimbursement rate, despite providing the same service they provided before with no corresponding increase in quality. Health systems have increasingly shifted care delivery away from physicians' offices toward more-profitable HOPDs, with average prices for services delivered in an HOPD setting increasing faster than those delivered in a physician's office.

In response, organizations across the political spectrum have begun to push for payment "site neutrality," or the idea that providers should charge the same price for the same service regardless of setting, which could save people hundreds of millions of dollars annually.

## Past Efforts to Promote Site Neutrality

Congress first addressed site-neutral payments in 2015 as part of the Bipartisan Budget Act (BBA) but limited the policy to only newly constructed off-campus HOPDs, affecting only a small fraction of hospital outpatient spending. Recent recommendations made by the non-partisan Medicare Payment Advisory Commission (MedPAC) have called for expanding site-neutral policies across care settings for services that are safe to deliver outside of a hospital.

# Policy Recommendations to Ensure Fair Billing Practices



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While steps can be taken in isolation to address ensure people are paying the same price for the same service, comprehensive fair billing policy should include the following areas of focus:

## Eliminating Payment Disparities through Site-Neutral Payment Policy

Policymakers should ensure that patients aren't faced with higher costs (including facility fees) by implementing site-neutral payment policy in both the private and public insurance markets. Payments to HOPDs should be aligned with payment rates for independent physician offices for services that can be delivered safely in an alternative setting, such as the [57 services](#) previously recommended by [MedPAC](#). Federal and state policymakers both have a role to play in:

- **Expanding Medicare site-neutral policy.** Expanding site neutrality to include all HOPD settings – beyond those found in the BBA – is widely popular, has bipartisan support in Congress, and will ensure patients benefit from lower costs and increased access to care. In addition, these policies will also benefit people enrolled in private market plans given the impact of Medicare reimbursement rates on the commercial market.
- **Introducing site-neutral reforms on the state level.** Because federal statute limits which plans states regulate, state policymakers looking to adopt site-neutral payments should establish limits on what a provider can bill to ensure patients pay the same price for care regardless of where a service is provided.

## Ensuring Compliance and Enforcement

To ensure site-neutral savings are realized, it is critical that any measure to lower hospital prices also include methods of enforcement. Policymakers should:

- **Require unique National Provider Identifiers (NPIs) for providers.** Some off-campus HOPDs use the same NPI as their parent hospital to collect higher payment rates by billing the same rates as hospitals. Policymakers should ensure providers each have their own NPI so insurers can determine the actual site of care.
- **Establish randomized audits and public scorecards.** Policymakers should grant agencies under their jurisdiction the funding and authority needed to enforce compliance of transparency requirements and other patient protections alongside national oversight.



### How are site neutrality and facility fees related?

Physician practices are increasingly being purchased by hospitals and relabeled as HOPDs to take advantage of higher reimbursement rates at the expense of patients. These HOPDs are also generally able to charge “facility fees” on top of these increased rates, especially in settings where it doesn't make sense, such as [telehealth appointments](#), which contributes to higher costs and potentially [causing people](#) to delay or forgo care.