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Creative Health Benefits Solutions for Today, Strong Policy for Tomorrow

November 22, 2019

Elise Barringer
Centers for Medicare & Medicaid Services
Department of Health and Human Services
Attention: CMS-1717-FC
P.O. Box 8013
Baltimore, MD 21244-1850

Submitted electronically via: www.regulations.gov

Re: Medicare Program: Changes to Hospital Outpatient Prospective Payment and Ambulatory Surgical Center Payment Systems and Quality Reporting Programs

Dear Ms. Barringer:

The National Business Group on Health (Business Group) appreciates the opportunity to respond to the Centers for Medicare and Medicaid Services' (CMS) Final Rule with comment period regarding the Medicare hospital outpatient prospective payment system (OPPS) and the Medicare ambulatory surgical center (ASC) payment system for calendar year (CY) 2020.

The Business Group strongly supports CMS' Final Rule that will implement site-neutral payments (permitted by Section 603 of the Bipartisan Budget Act of 2015) for clinic services by transitioning reimbursement from the hospital outpatient rate (HCPCS code G0463 – hospital outpatient clinic visit for assessment and management of a patient) to the applicable Medicare Physician Fee Schedule (PFS) rate over a 2 year period, a total reduction of up to 60%. The Business Group recommends CMS consider in future rulemaking broadening site-neutral payment policy for all clinically appropriate outpatient services.

The National Business Group on Health (Business Group) represents [442 employers](#), including 77 of the Fortune 100, who voluntarily provide health benefits and other health programs to over 55 million American employees, retirees, and their families.

According to our [recent member survey](#) 42% of employers who responded are actively engaged with providers in improving health care delivery, either on their own or partnering with their health plan administrators. One critical element is assuring that payment policy and plan design incentives encourage the use of lower cost sites of care for services where appropriate. Site-neutral payments play an essential role. Having a similar payment policy in place in Medicare would assure alignment of payers and send a strong signal to providers.

Adopting site-neutral payment as a policy is all the more needed given the financial situation of the Medicare program. According to [2019 Board of Trustees Annual Report](#), the Hospital Insurance trust fund will become insolvent by 2026. According to the [Kaiser Family Foundation's analysis](#), Part B spending has grown from \$180 billion in 2008 to \$333 billion in 2018. As Part B spending grows, so do beneficiary premiums. In 2020, [CMS announced](#) that beneficiary premiums would increase by 7%. We can't fix health care without fixing Medicare. As the largest payer for health care in the US, Medicare must lead the way and partner with the private sector to drive delivery transformation away from an inefficient and dysfunctional fee-for-service system to one that will reduce overall costs and improve health outcomes by adopting models focused on global budgets, managing the total cost of care, managing population health, and keeping people well. While CMS pursues strategies to move towards these goals, it is imperative that CMS adopts meaningful changes to the fee-for-service system now to keep from further exacerbating Medicare's fiscal problems.

As CMS transitions away from fee-for-service and towards alternative delivery models, payment policies such as site-neutral payments will not be necessary as delivery systems will steer patients to the most appropriate site of care given the built-in payment incentives. In the interim, CMS should press forward by taking all appropriate steps to improve the solvency of the Medicare program.

Site-Neutral Payments

Establishing reimbursement rate parity for the same services regardless of the practice location, commonly referred to as site-neutral payments, is a key element toward more efficient use of Medicare dollars. According to CMS' analysis, CMS expects to save \$800 million dollars in CY 2020 alone by adopting this policy. Financial incentives should not influence the site of care when multiple settings are appropriate for patients and do not adversely affect the quality of care. Following this payment policy would encourage competition, reduce expenditures for Medicare beneficiaries, and strengthen incentives to provide services at the lowest-cost sites of care that are appropriate. As technology advances and more treatments and services become less invasive, even more services are likely to move to lower cost setting without an adverse impact on quality.

As noted in the final rule, OPSS spending is projected to grow to nearly \$75 billion in CY 2019, approximately twice what it was in 2008. According to a [2018 MedPAC report](#), "A large source of growth in spending on services furnished in hospital outpatient departments (HOPDs) appears to be the result of the shift of services from (lower cost) physician offices to (higher cost) HOPDs." Given the increase and echoing other comments, the Business Group recommends CMS consider in future rulemaking broadening site-neutral payment policy for all clinically appropriate outpatient services. We recommend adopting changes that [MedPAC identified in a 2013 report](#) including:

- 66 groups of outpatient services—including three groups of cardiac imaging services—for which equalizing reimbursement rates would save \$900 million annually; and

- 12 groups of services commonly performed in Ambulatory Surgical Centers (ASCs) that would generate about \$600 million in annual savings if HOPD rates are lowered to the level of ASCs.

We also recommend that CMS work closely with MedPAC to identify additional areas where the site-neutral payments policy can be effectively implemented.

Thank you for considering our comments and recommendations. We would be happy to provide additional details and work with CMS in the rulemaking process. Please contact me or Steven Wojcik, the National Business Group on Health's Vice President of Public Policy, at (202) 558-3012, if you would like to discuss our comments in more detail or if we can provide additional information.

Sincerely,

A handwritten signature in black ink that reads "Brian Marcotte". The signature is written in a cursive style with a long, sweeping underline.

Brian Marcotte
President