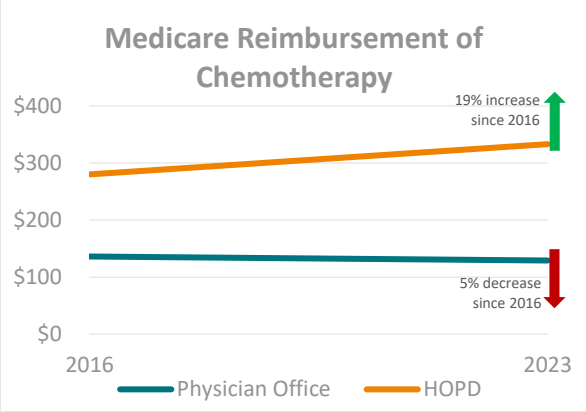
Site Neutral Medicare Payment Reform

Reducing Medicare Spending & Patient Costs

Multiple studies have verified that cancer care delivered in the hospital outpatient department (HOPD) costs significantly more than the ***same*** care delivered in independent physician offices, without any measurable improvement in quality or outcomes. For example, consider chemotherapy:

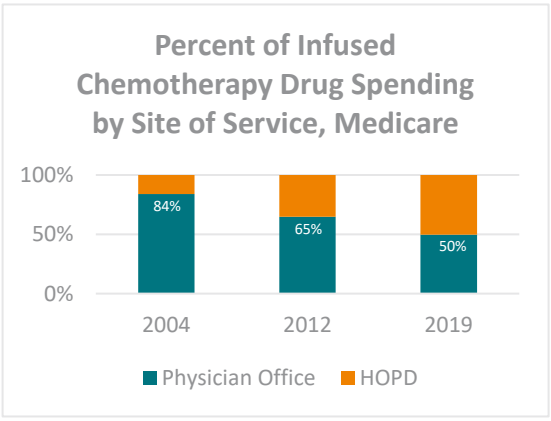
- In 2016, the physician fee schedule (PFS) rate for CPT Code 96413, "Chemo, iv infusion, 1 h"—the most common drug administration code billed by oncology practices—was $136, but the payment rate for the ***same*** service under the 2016 Hospital Outpatient Prospective Payment System (HOPPS) fee schedule was 106% higher at $280.
- By 2023, the payment disparity jumps to 158%, with the PFS rate *declining* to $129 and the HOPPS rate *increasing* to $333.

Chemotherapy administration is now nearly 3x more expensive in the HOPD setting.



These costs add up, as Medicare beneficiaries typically pay 20% of the total cost in coinsurance. The cost of cancer care should not depend on where it is provided. Patients, payers, and taxpayers should pay the same amount for the same service, regardless of the setting.

Current Medicare Payment Policies Discourage Community Cancer Care, Drive Up Healthcare Spending



Payment disparities are shifting care from the less expensive physician office setting to the more expensive HOPD setting, an effect that is more pronounced in oncology. As recently as 2004,[i] 84% of chemotherapy was delivered in the physician office setting. By 2012, this figure dropped to 65%, and by 2019, only 50% of chemotherapy was delivered in the physician office setting.[ii]

Current payment policy creates an **incentive for hospitals to purchase physician practices and convert them into HOPDs.** This drives up **unnecessary healthcare spending,** as hospitals are collecting a higher reimbursement for the same staffing and overhead costs.

As of 2021, data show only 30% of physicians in the U.S. are practicing medicine independently and 70% of physicians are employed by hospital systems or other corporate entities such as private equity firms and health insurers.[iii] The Congressional Budget Office (CBO) projects Medicare fee-for-service (FFS) payments to HOPD will grow by 100% over the next decade. In comparison, CBO projects FFS payments to physicians will only grow by 28%.[iv]

> "These payment differences across settings encourage arrangements among providers—such as consolidation of physician practices with hospitals—that result in care being provided in the settings with the highest payment rates, which increases total Medicare spending and beneficiary cost sharing without significant improvements in outcomes."
> *Medicare Payment Advisory Commission (MedPAC), June 2022*

To better understand how the cost of care can vary significantly across different sites of service, consider the following data:

Table 1: Site of Service Differentials Associated with Commonly Billed Drug Admin		2023		
		Site of Service		
CPT Code	Descriptor	Office	HOPD	Difference
96360	Hydration iv infusion init	$ 32.07	$ 206.57	544%
96361	Hydrate iv infusion add-on	$ 12.56	$ 42.37	237%
96365	Ther/proph/diag iv inf init	$ 63.15	$ 206.57	227%
96366	Ther/proph/diag iv inf addon	$ 20.17	$ 42.37	110%
96367	Tx/proph/dg addl seq iv inf	$ 28.43	$ 67.47	137%
96368	Ther/diag concurrent inf	$ 19.51	$ -	
96372	Ther/proph/diag inj sc/im	$ 13.89	$ 67.47	386%
96374	Ther/proph/diag inj iv push	$ 36.70	$ 206.57	463%
96375	Tx/pro/dx inj new drug addon	$ 15.21	$ 42.37	179%
96401	Chemo anti-neopl sq/im	$ 71.74	$ 67.47	-6%
96402	Chemo hormon antineopl sq/im	$ 33.39	$ 67.47	102%
96409	Chemo iv push sngl drug	$ 99.51	$ 206.57	108%
96411	Chemo iv push addl drug	$ 54.55	$ 67.47	24%
96413	Chemo iv infusion 1 hr	$ 128.94	$ 332.62	158%
96415	Chemo iv infusion addl hr	$ 27.77	$ 67.47	143%
96416	Chemo prolong infuse w/pump	$ 126.62	$ 332.62	163%
96417	Chemo iv infus each addl seq	$ 63.48	$ 67.47	6%
96521	Refill/maint portable pump	$ 124.64	$ 206.57	66%
96523	Irrig drug delivery device	$ 25.13	$ 57.48	129%

Table 2: Site of Service Differentials Associated with Commonly Billed Radiation Therapy Services		2023		
		Site of Service		
CPT Code	Descriptor	Office	HOPD	Difference
77280TC	Set radiation therapy field simple	$ 229.44	$ 133.38	-42%
77290TC	Set radiation therapy field complex	$ 366.64	$ 358.72	-2%
77295TC	Set radiation therapy field, 3D	$ 250.93	$ 1,340.67	434%
77300TC	Radiation therapy dose plan	$ 32.73	$ 133.38	308%
77301TC	Radiotherapy dose plan imrt	$ 1,403.43	$ 1,340.67	-4%
77305TC	Teletx isodose plan simple	$ 145.80	$ 358.72	146%
77310TC	Teletx isodose plan interm	$ 282.34	$ 358.72	27%
77315TC	Teletx isodose plan complex	$ 282.34	$ 358.72	27%
77321TC	Special teletx port plan	$ 43.31	$ 358.72	728%
77331TC	Special radiation dosimetry	$ 18.84	$ 133.38	608%
77332TC	Radiation treatment aid(s) simple	$ 14.22	$ 133.38	838%
77334TC	Radiation treatment aid(s) complex	$ 64.14	$ 358.72	459%
77336	Radiation physics consult	$ 85.30	$ 133.38	56%
77338TC	Design mlc device for imrt	$ 236.71	$ 358.72	52%
77370	Radiation physics consult	$ 137.20	$ 133.38	-3%
77373	Sbrt delivery	$ 994.14	$ 1,767.45	78%
77408	Radiation treatment delivery	$ 176.21	$ 262.93	49%
77413	Radiation treatment delivery	$ 232.42	$ 262.93	13%
77414	Radiation treatment delivery	$ 233.08	$ 262.93	13%
77418/774	Radiation tx delivery imrt/ 77421	$ 409.62	$ 572.47	40%

The tables above capture the most commonly used services in a typical oncology practice and corresponding reimbursement rates under the 2023 PFS and HOPPS fee schedules; however, exact utilization will vary by practice.

- Table 1 summarizes the site-of-service differentials for drug administration codes billed by medical oncologists. Aggregate, utilization-weighted payment for drug administration services is approximately 164% higher in the HOPD.
- Table 2 summarizes site-of-service differentials for radiation therapy codes billed by radiation oncologists, showing similar disparities for intensity-modulated radiation therapy (IMRT) delivery (40% in 2023, up from 25% in 2016) and stereotactic body radiotherapy (SBRT; 78% in 2023, up from 21% in 2016).

Payment Parity for Cancer Care Across Sites of Service

Congress attempted to address this driver of consolidation by passing the Bipartisan Budget of 2015 (BBA 2015), which required site neutral payments for newly-built or newly-acquired HOPDs. Unfortunately, the vast majority of HOPDs are grandfathered under the old, higher payment rates, and many hospitals continue to acquire physician practices and add them to grandfathered HOPDs. **The Network supports H.R. 4473, the Medicare Patient Access to Cancer Treatment Act, which would eliminate the grandfathering provision of BBA 2015 and require site neutral payments for outpatient cancer services.**

The Alliance for Site Neutral Payment Reform

The US Oncology Network is a founding member of the Alliance for Site Neutral Payment Reform, a coalition of patient advocates, providers, payers, and employers who support payment parity across different settings of care in order to decrease Medicare and commercial spending, ensure patients receive the right care in the right setting, lower taxpayer and beneficiary costs, and increase patient access. Site neutral payments have been endorsed by MedPAC, the American Enterprise Institute, the Center for American Progress, and included in budgets submitted by both President Obama and President Trump. Visit www.siteneutral.org for more information on the benefits of site neutral payment policies.

[i] http://communityoncology.org/pdfs/Trends-in-Cancer-Costs-White-Paper-FINAL-20160403.pdf
[ii] https://www.medpac.gov/wp-content/uploads/2022/06/Jun22_MedPAC_Report_to_Congress_SEC.pdf
[iii] http://www.physiciansadvocacyinstitute.org/Portals/0/assets/docs/Revised-6-8-21_PAI-Physician-Employment-Study-2021-FINAL.pdf?ver=K6dyoekRSC_c59U8QD1V-A%3d%3d
[iv] Equalizing Medicare Payments Regardless of Site-of-Care | Committee for a Responsible Federal Budget (crfb.org)