

PROVIDERS

Fact check: consolidation edition

Lawmakers have been abuzz about the [prospect of site-neutral payments](#) this legislative session — a policy idea that would make sure Medicare pays the same for physician services regardless of where they are provided. Lawmakers have implied that higher payments for hospital outpatient departments are a driving force behind acquisitions of physician practices by larger hospitals — but that isn't necessarily true.

Here's one example from a hearing in April, from Rep. Mariannette Miller-Meeks (R-Iowa): “Hospitals are motivated to gobble up physician practices because they're able to bill Medicare roughly double the amount that private practices can.”

That was true at one time, but a budget law in 2015 prevented any newly-acquired offsite practices to bill at higher rates. (Any that hospitals already had could continue billing at the higher rates.). A bill led by Sens. Maggie Hassan (D-N.H.), Mike Braun (R-Ind.), and John Kennedy (R-La.) [would end the practice](#) of grandfathering outpatient departments established before 2015.

It is true that lawmakers could save Medicare billions of dollars if they implemented site-neutral payments across the sites that are currently grandfathered into higher payments. It's also true that consolidation is pervasive in health care. But those two facts aren't necessarily driving each other in this current moment.