

Senate Republicans throw cold water on so-called site-neutral hospital pay cuts



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ASHINGTON — On its face, a minor policy to make sure Medicare pays

hospitals the same as physician offices to administer medications has broad, bipartisan support from think tanks, stakeholders, and academics. But Republicans in the House and Senate are divided over the issue, creating a major obstacle to passage anytime soon. House Republicans had hoped to [use a small cut](#) to hospitals' Medicare payments to help finance a raft of health policy that's set to expire in January. But the policy has been stagnant in the Senate, where Republicans aren't necessarily on board yet, senators told STAT.

If the Senate truly can't get on board with the "site-neutral" pay policy, that increases the chances that lawmakers will instead look to so-called PBM reforms to pay for the programs. The Senate Finance Committee this month [passed a package](#) of policies governing pharmacy middlemen that on balance saved the government money, and a House Energy & Commerce subcommittee [advanced new regulations](#) of pharmacy benefit managers, too.

Even Republicans who are usually moderate on health care issues aren't necessarily on board with site-neutral payments, with some citing concerns about rural hospital solvency.

Sen. Chuck Grassley (R-Iowa) said he hasn't made a final decision on his stance on the issue, but he was skeptical.

"It might be something that's going to be very difficult for rural hospitals and I can't do anything that's going to hurt rural hospitals," Grassley told STAT in a brief hallway interview.

Sen. John Barrasso (R-Wyo.), a member of the Senate Finance Committee and Senate GOP leadership, similarly voiced concerns about the policy affecting rural hospital reimbursement.

“I continue to work every day to make sure the hospitals in Wyoming can all stay open,” Barrasso said.

The Senate hasn’t formally had a hearing on the policy this year, and likely won’t even consider it until late next year, three Senate aides and three hospital lobbyists said. Though both leaders of the Senate Finance Committee expressed interest in exploring the issue, a Senate aide said the policy hasn’t been a major focus this year.

Sen. Marsha Blackburn (R-Tenn.) told STAT in September that she was unsure about the House site-neutral policy.

“We’re concerned about what the overall effect is going to be because we are focused on preserving access and making certain that people have access to affordable health care,” Blackburn said.

Even Sen. Bill Cassidy (R-La.), the top Republican on the Senate’s health panel, was noncommittal.

“There is a lot of nuance to that issue. And so whether or not the legislation addresses that nuance, that’s what my vote depends upon,” Cassidy said.

The House’s site-neutral policy is a pared-down version of a larger effort to make sure hospitals are being paid the same as physicians’ offices when they deliver the same services. Adopting the policy in a broader manner could save the government \$150 billion over a decade, but the policy the House was considering saves just \$3 billion.

Some Senate Republicans are on board. Sens. Mike Braun (R-Ind.) and John Kennedy (R-La.) joined Sen. Maggie Hassan (D-N.H.), to introduce a bill that would apply site-neutral payments more broadly, but it hasn’t been considered at a hearing or at a markup yet.

Senate Finance Committee Chair Ron Wyden of Oregon told Hassan at a hearing this month that he believed there was credible evidence that hospitals were charging more for the same services without necessarily providing better outcomes. Sen. Mike Crapo (R-Idaho) said it’s an issue that “we need to get done.”

But progress could be slow, even over in the House. GOP leadership had to cancel a planned floor vote on the smaller site-neutral policy, and its path forward looks even more grim now that the Senate is unwilling to consider the policy.

The American Hospital Association also [officially came out in opposition](#) of the policy this month. The group argues that hospitals face more safety regulations, have to be open 24 hours a day to the most complex patients, and have to provide care for uninsured patients, unlike physicians' offices.

If site-neutral pay policies don't pass in early 2024, it doesn't mean the Senate won't loop back to the policy later next year. Next December, Medicare's telehealth coverage will expire. A Senate aide said that the savings from the site-neutral policies could make them an attractive offset for a potential renewal.



[Rachel Cohrs](#)

Washington Correspondent

Rachel Cohrs reports on the intersection of politics and health policy.