

5 hours ago - Health

Hospital lobbying could sink effort to trim Medicare costs



Peter Sullivan, author of [Axios Pro: Health Care Policy](#)

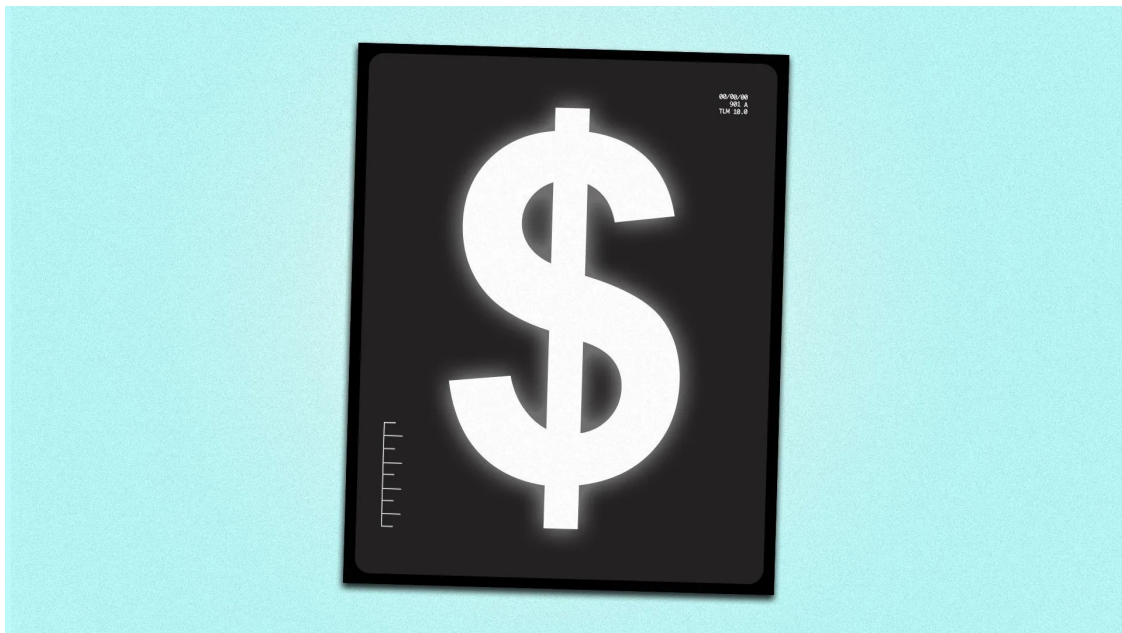


Illustration: Natalie Peeples/Axios

Why it matters: The hospitals' argument is apparently resonating in the Senate — raising further doubts about whether Congress can overcome pressure from a politically powerful lobby to enact modest Medicare savings.

Catch up quick: The proposal in question, known as site-neutral payments, would save both taxpayers and patients money and has support from experts across the political spectrum.

- Medicare would pay the same amount for the same service, regardless of whether it's provided in a hospital outpatient department or independent physician office.
- It's the leading edge of broader efforts to control hospital costs, which are receiving [more attention](#) after years of focus on drug prices.

Driving the news: Hospital officials have been crisscrossing Capitol Hill and launched ads to warn against the policy, with the American Hospital Association [cautioning](#) lawmakers that it would hurt care for "vulnerable patients in rural communities."

- It's a potent argument in the Senate, where many members come from largely rural states and are protective of rural hospitals, an industry that's been [wracked by closures](#). The facilities serve as vital lifelines in areas that tend to be sicker and poorer than urban ones.
- Sen. Ron Wyden (D-Ore.), the chair of the powerful Senate Finance Committee, last week cast doubt on a payment overhaul as he noted the Senate is "a pretty rural place."

- Sen. Mike Braun (R-Ind.), among the handful of site-neutral advocates in the Senate, acknowledged his colleagues' hesitation about crossing hospitals, but he said it's "benefited me politically because most people know our health care costs are too damn high."
- Senate Majority Leader Chuck Schumer (D-N.Y.), an ally of New York hospitals, has not ruled out action but is not likely to support sweeping proposals, said a source who spoke with his office. Schumer's office did not return a request for comment.

The AHA [boosted its lobbying spending](#) last year by \$3 million to about \$25 million as it battled against site-neutral proposals. The hospital group Coalition to Protect America's Health Care recently launched a seven-figure TV and digital [ad campaign](#) against the idea.

- Hospitals say the higher reimbursements for their outpatient services are justified by the higher level of care they can provide compared with a physician's office.
- After the House overwhelmingly advanced a site-neutral measure in December, the policy isn't gaining traction in the Senate, said a hospital industry source.
- "There's an understanding that there are potential unintended consequences here that need to be explored more fully before going down this road," the source said about conversations in the Senate.
- One advocate for site-neutral policies said many lawmakers' offices they have talked with have heard from hospitals about concerns.

- "Hospitals are out and about. Their boards are out and about, and they're kicking a major fuss about this," they said.

Between the lines: The modest House-passed provision, which was pared down during its drafting, is projected to save about \$3.8 billion over 10 years and is focused on drugs administered by physicians.

- That's a fraction of what Medicare pays hospitals and much less than more sweeping site-neutral proposals that would save over \$100 billion.
- A [study](#) from the Actuarial Research Corporation found the sickest chemotherapy patients would save over \$1,000 per year.
- Advocates for the policy say hospitals eager to fend off payment cuts are leaning on a tried-and-true tactic by invoking rural hospitals.
- "If you look across the market, most hospitals are these medium-sized and large mega-systems," said Sophia Tripoli, senior director of health policy at the consumer group Families USA. "And I think their economics are very different from the rural economics."



for hospitals that truly need it than continue the current inefficient system.

What's next: Lawmakers supporting site-neutral policies are trying to attach legislation to government funding legislation in March. If that effort fails, the next opportunity will likely come at the end of the year.

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