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The effort to keep ‘site neutral’ alive

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The proposals, which fall under a policy known as site-neutral payments, would mean hospitals are paid the same amount for the same service, regardless of whether it’s provided in a hospital outpatient setting or at an independent physician’s office. | AFP via Getty Images

Insurers, unable to push through a top legislative priority in the latest spending bill, are already working on plan B — a lobbying blitz targeting lawmakers at home and in Washington.

It’s an uphill climb and requires overcoming opposition from the powerful hospital industry and hesitation by its allies in Congress, including Senate Majority Leader Chuck Schumer. But insurers, employers, unions and consumer groups are eyeing a possible year-end package as a vehicle for a policy that could save taxpayers billions.

The proposals, which fall under a policy known as site-neutral payments, would mean hospitals are paid the same amount for the same service, regardless of whether it's provided in a hospital outpatient setting or at an independent physician's office.

Though there was bipartisan interest, a deal could not be reached in part because of the efforts from hospitals, which stand to lose billions of dollars over the next decade and warned members that the cuts would be devastating to care, particularly in rural communities.

Proponents of the policy plan to spend the next several months countering that argument by telling Congress that the status quo has consumers paying the price.

Better Solutions for Healthcare, a coalition of insurers and employers, is mobilizing employers — "folks who own dry cleaners and grocery stories and work in service industry gigs" — to meet with lawmakers in their districts and share "stories about how, as employers, their employees are negatively impacted by higher hospital costs," said Adam Buckalew, a Republican lobbyist working on behalf of the organization.

One insurance lobbyist granted anonymity to talk about the strategy said that part of the plan is to approach lawmakers from rural areas, including House Ways and Means Chair Jason Smith (R-Mo.) and Senate Finance ranking member Mike Crapo (R-Idaho), to argue that the changes won't be as damaging to constituents as opponents claim.

"That's a key component of any kind of educational effort — put the facts out there on the scope and scale of the impact that these changes would have," the lobbyist said.

Although advocates hope they can eventually push broad site-neutral payment reforms, they're focused on narrower policies that were tucked into a larger bill that passedthe House last year in a 320-71 vote.

One policy would apply to physician-administered drugs in Medicare that are provided at hospital-owned outpatient departments located away from the facility, while a second would require those outpatient departments to use a "unique identifier" that's different from the hospital's for claims and services.

The two items would save the federal government roughly $4 billion over 10 years, according to the nonpartisan Congressional Budget Office. It's a sum hospitals claim would be devastating, even if some of it were used to offset future payment cuts for facilities that treat a large number of low-income patients.

Congress had tried to include the two site-neutral provisions among other health policy riders in both government funding packages that passed this month. But the riders all dropped out of the funding legislation amid disagreements about the scope of some of the other health provisions and the size of the spending bills overall.

“The outcome of recent government funding negotiations has made it clear that members of Congress have serious concerns about policies that would undermine patient access to hospital care, especially at a time when providers are facing unprecedented pressures,” said Charlene MacDonald, the executive vice president of public affairs at the Federation of American Hospitals.

LOWER COSTS?

Those who criticize hospitals — including Arnold Ventures, a research and advocacy organization funded by billionaire John Arnold, the left-of-center nonprofit Families USA and its Consumers First coalition — argue that the two provisions would lower costs for patients.

“The hospital industry has been out there with misinformation about how this would hurt them … We want to be the counterbalance to the industry who want to keep the status quo,” said Jane Sheehan, the deputy senior director of federal relations at Families USA. “Under the status quo, patients and consumers are suffering.”

A study funded by Arnold Ventures found that off-campus hospital outpatient departments in rural areas make up 7 percent of Medicare spending, and argued the site-neutral reforms would have a relatively small impact on them. Many rural hospitals would be exempted from the policies, the report said.

“These are targeted solutions, I don’t think the intent is to come in with a sledgehammer and smash these facilities,” said Sheehan.

The American Hospital Association called the study “misleading at best,” and claimed that rural hospitals would lose $272 million in revenue over the course of a decade from the proposals.

Proponents are also up against Schumer, a New York Democrat, who is closely aligned with hospitals in his state. House Energy and Commerce Chair Cathy McMorris Rodgers (R-Wash.) told POLITICO that Schumer objected to the “unique identifier” provision in the most recent spending package.

But lobbyists hope he could be swayed by extracting deals on other policies he wants — such as cracking down on how drugmakers use the patent system to maintain exclusivity on treatments. They point to his 2015 vote supporting the last site neutral effort that passed in Congress as reason to believe he is open to reforms.

“I could see a scenario where Schumer eventually signs off on the limited site neutrality policy, if there's a lot of Democratic priorities included. But it has to be a very big package,” said a Democratic health care lobbyist granted anonymity to talk about client issues.

Schumer’s office didn’t respond to a request for comment.

END-OF-YEAR STRATEGY

The most likely timing for any larger package with those kinds of tradeoffs would be an end-of-the-year deal during the lame duck session.

Lawmakers have kicked many high-priority health care extenders to Dec. 31, including pandemic-era telehealth waivers and community health center funding. Buckalew said the to-do list creates more momentum behind the site-neutral policies and "forces a broader negotiation in the health care space."

While many lobbyists and congressional staffers say the package of health policy riders fell out of funding bills for reasons other than the hospital-targeted provisions — giving them hope that they could find their way into a year-end package — they're not taking any chances, working to get some members who are close with hospitals or concerned about impacts to rural facilities on board.

Meanwhile, those working to keep the issue alive are also encouraging its congressional supporters — including Rodgers in the House and Sens. Maggie Hassan (D-N.H.) and Mike Braun (R-ind.) — to continue pushing the policies.

When people see policies that are "impacting their wallets, impacting their ability to get the care they need when they need it, they get activated — they get energized by these issues. Spread the word to the public. Congress has the power to push back on this and that does resonate," Sheehan said.

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