

# Site-Neutral Payment Reform



Families, employers, and taxpayers deserve a fair health care system that charges the same price for routine medical services, no matter where the care is delivered. Arnold Ventures (AV) works to create parity in [health care pricing](#), regardless of the setting in which services are provided. This is called site-neutral payment reform.

Right now, patients, employers, and taxpayers are charged billions more simply based on where care is received. When big hospitals buy and consolidate smaller physician practices, they can rebrand these physician practices as hospital outpatient facilities, allowing them to charge Medicare and commercial insurers higher prices — even when patients see the same doctors they saw before the consolidation.

## What Hospital Consolidation Means for Patients and Taxpayers

- **Fewer, Less-Affordable Health Care Options**
  - › [55%](#) of physicians work for hospitals and health systems. When a physician's office is acquired by a hospital system, the prices increase by more than [14%](#).
  - › The volume of chemotherapy administration in Medicare declined by more than 14% in freestanding clinician offices and increased by [21%](#) in hospital outpatient departments between 2015 to 2021.
- **Patients Pay More**
  - › When patients receive care in a hospital-owned office, they pay [higher hospital rates](#):
  - › A multiple myeloma patient in Medicare would pay \$1,220 more in out-of-pocket costs for one cycle of treatment.
  - › A commercially insured breast cancer patient would pay \$19,095 more for radiation treatment.
- **Medicare Spending Increases**
  - › Medicare pays [194%](#) more for an echocardiogram in a hospital outpatient department than in a freestanding physician's office.
  - › For an epidural injection in a lumbar or sacral region, Medicare pays \$255 if it is provided in a physician's office and [\\$740](#) when it is provided in a hospital outpatient department.
- **Patients Bear Even More Medical Debt**
  - › [100 million+ Americans](#) are impacted by medical debt.
  - › [59%](#) of those with medical debt say it is because of a lab fee or diagnostic test.

## Why Congress Should Pass Site-Neutral Payment Policies

- Lower Medicare spending and save taxpayers more than **\$150B**<sup>1</sup>
- Save employers and consumers in the commercial market more than **\$140B**<sup>2</sup>
- Reduce health care costs for Medicare beneficiaries by more than **\$90B**<sup>3</sup>
- Percentage of voters on both sides of the aisle that support it **84%**<sup>4</sup>
- Discourage further consolidation that drives health care costs even higher 

1. <https://www.crfb.org/papers/equalizing-medicare-payments-regardless-site-care>

2. *ibid.*

3. *ibid.*

4. <https://assets.arnoldventures.org/uploads/Arnold-Ventures-Hospital-Prices-Survey.pdf>

[Arnold Ventures](#) is a philanthropy that supports research to understand the root causes of America's most persistent and pressing problems, as well as evidence-based solutions to address them. By focusing on systemic change, AV is working to improve the lives of American families, strengthen their communities, and promote their economic opportunity. Since Laura and John Arnold launched their foundation in 2008, the philanthropy has expanded, and Arnold Ventures' focus areas include education, criminal justice, health, infrastructure, and public finance, advocating for bipartisan policy reforms that will lead to lasting, scalable change. The Arnolds became signatories of the Giving Pledge in 2010.