

Opening Statement of the Honorable Joseph R. Pitts
Subcommittee on Health
Hearing on “Keeping the Promise: Site-of-Service Medicare Payment Reforms”
May 21, 2014

(As Prepared for Delivery)

Today’s hearing is designed to educate Members on a topic that has come up repeatedly in recent years, site neutral payments.

In two recent reports, MedPAC has addressed the differences in Medicare payment rates across sites of care.

MedPAC’s March 2012 report recommended that payment rates for certain evaluation and management (E&M) services be equal, whether these services are provided in a hospital outpatient department or in a free-standing physician office.

Currently, hospitals are reimbursed for these services under the Hospital Outpatient Prospective Payment System (HOPPS), and physicians’ offices are reimbursed under the less generous Physician Fee Schedule.

In its June 2013 report, MedPAC discussed equalizing payment rates for certain services in a hospital outpatient setting to those of ambulatory surgery centers (ASCs) and reducing the gap in payment between other services. However, the Commission did not make a recommendation on payment changes.

These discussions bring up a number of important issues as it relates to the role that Medicare plays in our health care system.

MedPAC has estimated that seniors could save hundreds of millions of dollars a year if a site neutral payment system were instituted.

In addition, MedPAC cites an urgent need to address these issues because services have been “migrating from physicians’ offices to the usually higher-paid outpatient department setting, as hospital employment of physicians has increased.”

While stating the benefits of site neutral payments and Post-Acute Care (PAC) reform, MedPAC has also expressed some concern that these policy changes could cut access to physician services for low-income patients, noting that a “stop-loss policy” could protect such patients by limiting hospitals’ losses of Medicare revenue.

These policies have arisen as potential payfors for SGR reform and other health care reforms. As the Subcommittee with the largest health jurisdiction of any committee in the House, we are charged with safeguarding the Medicare program and preserving it for future generations.

As such, I and Ranking Member Pallone felt it important for the members of this Subcommittee to hear the pros and cons of potential policies in this space.

Two pieces of legislation are also before us for consideration today. Reps. Mike Rogers and Doris Matsui introduced H.R. 2869, a proposal that would require Medicare to pay for cancer services at the same rate regardless of the site of service. In addition, Rep. McKinley has authored H.R. 4673, a bill that would combine the various Post-Acute Care payments into one reimbursement payment or bundle.

I would like to thank all of our witnesses for being here today to educate Members on both sides of the issue.

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