



**National
Business
Group on
Health**

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Creative Health Benefits Solutions for Today, Strong Policy for Tomorrow

February 19, 2016

The Honorable Fred Upton
Chairman
Committee on Energy and Commerce
2125 Rayburn House Office Building
Washington, DC 20515-6115

The Honorable Joseph R. Pitts
Chairman
Subcommittee on Health

Dear Representatives Upton and Pitts:

The National Business Group on Health (Business Group) writes in strong support of keeping Section 603 of the Bipartisan Budget Act of 2015 (BBA, P.L. 114-74) intact. This provision is a step in the right direction toward eliminating disparities in site-of-service reimbursement rates.

The National Business Group on Health represents approximately 430, primarily large, employers (including 70 of the Fortune 100) who voluntarily provide generous health benefits and other health programs to over 55 million American employees, retirees, and their families.

Specifically, we support the new alignment of reimbursement rates provided for same services performed at provider-based, off-campus hospital outpatient departments (HOPD) with those typically reimbursed under applicable existing fee schedules. Existing fee schedules could include the Medicare physician fee schedule (PFS), ambulatory surgical center prospective payment system (ASC PPS) or the clinical laboratory fee schedule (CLFS), provided the applicable payment requirements are met. The race for vertical integration in the hospital and provider communities has led to an increase of disproportionate reimbursement rates at off-campus HOPDs, which has not been linked to an increase in resources expended for same services, or an overall improvement in quality of patient care. Select examples, according to the Medicare Payment Advisory Commission (MedPAC), include:

- Medicare reimburses \$453 for a level II echocardiogram performed in an off-campus HOPD vs. \$189 in a doctor's office
- Similarly, Medicare reimburses \$1,383 for a colonoscopy performed in an off-campus HOPD vs. \$625 in a doctor's office

Employers have also become aware of a wide variation in site-of-service billing practices at off-campus HOPDs. While transparency tools are being disseminated to employees to

facilitate medical shopping and encourage cost-consciousness, these efforts alone are not enough as employers search for ways to control their health benefit expenses.

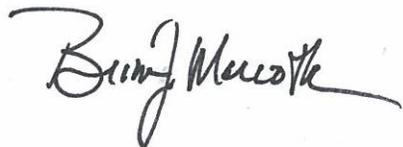
Realizing that market reform has historically been segmented, we applaud Congress's effort and recognition that site-neutral payment policy is essential for reducing wasteful spending in the Medicare program. It is our hope that your leadership, as is often the case, will have a spill-over effect on billing practices in the private market, thus ensuring employees are getting the right care, in the right setting, at the right time, and at a price they can afford. Further, we believe a site-neutral payment policy would incentivize health systems to consider broader strategies for large scale payment and delivery reform, such as transitioning into meaningful risk sharing arrangements.

With that in mind, we would point out that grandfathering arrangements prior to enactment of the BBA will inhibit the growth of cost effective and innovative payment and delivery systems, such as Accountable Care Organizations (ACOs) and other alternative payment models. To the extent the Committee drafts legislation which would seek to modify Section 603 of the BBA, the Business Group would encourage consideration of the following policy recommendation:

- We would urge the Committee to consider eliminating the provision to grandfather existing arrangements upon enactment of any such modification to the existing law (42 U.S.C. § 1395l(t)(21)). Minimally, we would encourage the Committee to consider a scheduled phase out of these existing arrangements over a reasonable time period. Allowing existing arrangements to be grandfathered 1) raises questions of fairness, 2) could provide a regulatory protection from competition for the grandfathered entities and 3) could inhibit the growth of lower cost alternatives in the affected areas.

The National Business Group on Health appreciates your thoughtful consideration of Section 603 of the BBA. In addition, we would strongly urge Congress to continue its efforts to repeal the ACA's excise tax. Please contact me or Steven Wojcik, the National Business Group on Health's Vice President of Public Policy, at (202) 558-3012, if you would like to discuss our comments in more detail.

Sincerely,



Brian J. Marcotte
President and CEO

cc: The Honorable Frank Pallone, Jr., Ranking Member
The Honorable Gene Green, Ranking Member, Subcommittee on Health