



ISSUE: Site Neutrality

SAVINGS: \$14 Billion Annually

INDUSTRY: Healthcare

POLITICS: Current Bipartisan Support

Site neutrality refers to a healthcare policy that ensures Medicare payments for services are consistent across different settings, such as hospital outpatient departments and independent physician offices. Currently, the U.S. government pays significantly more for the same procedure performed in a hospital outpatient setting than in a physician's office or ambulatory surgery center. Implementing site neutrality would benefit Americans by reducing healthcare costs, improving access to care, and saving taxpayer dollars.

Lower Healthcare Costs

Site-neutral payments would eliminate financial incentives for healthcare providers to charge higher rates based solely on the location of service. This would help reduce overall healthcare costs for patients, particularly those on fixed incomes, such as seniors on Medicare. Patients would no longer face higher out-of-pocket expenses for receiving care at hospital-owned facilities.

Enhanced Efficiency

Site neutrality would reduce administrative complexity by streamlining payment structures. Simplified billing processes would lower administrative costs for both providers and Medicare, contributing to additional savings. A site-neutral payment policy would level the playing field between hospitals and independent providers, fostering competition that drives innovation and cost-efficiency in the healthcare market.

Increased Access to Care

Independent physician practices and ambulatory surgery centers often provide more accessible, community-based care. By encouraging competition and reducing the financial dominance of large hospital systems, site neutrality would help maintain and expand the availability of these cost-effective options, especially in underserved areas.

Medicare Spending Reduction

Medicare pays up to 80% more for the same services in hospital outpatient departments compared to physician offices. By aligning these payments, the government could save an estimated \$14 billion annually, according to the Congressional Budget Office. These savings could be reinvested into strengthening Medicare or reducing the federal deficit.

In a 2022 report, the Congressional Budget Office stated, "Adopting site-neutral payment policies could save Medicare an estimated **\$14 billion annually** while reducing out-of-pocket expenses for beneficiaries. Such measures enhance the efficiency of Medicare spending without compromising access to care."