



THIRD WAY



July 10, 2024

The Honorable Ron Wyden
Chairman, Senate Finance Committee
U.S. Senate
Washington, DC 20510

The Honorable Mike Crapo
Ranking Member, Senate Finance Committee
U.S. Senate
Washington, DC 20510

Dear Chairman Wyden and Ranking Member Crapo,

On behalf of the undersigned organizations, we thank you for your commitment to examine the issue of allowing hospital systems to charge patients and seniors higher prices for outpatient care. We urge you to follow that commitment by acting on the Site-based Invoicing and Transparency Enhancement (SITE) Act, a bipartisan bill introduced by Senators Maggie Hassan (D-NH), Mike Braun (R-IN), and John Kennedy (R-LA).

Health care costs are at the top of Americans' list of financial worries: Every dollar that is spent on high out-of-pocket costs means a dollar less to pay for food, clothing, and other necessities for themselves and their families. Hospital prices are the number one driver of health care costs, representing one-third of all health care spending in the United States. Over the past year, hospital prices jumped by 7.7% – the highest annual increase since 2010 – directly contributing to elevated inflation.

A major reason behind this rapid rise in hospital prices is that the hospital industry has increasingly consolidated through acquisitions of other hospitals and physician practices. Between 2013 and 2018, the share of physician practices that were hospital-owned more than doubled. This is troubling considering hospital consolidation boosts costs, narrows access, and impacts care quality.

As a result of this consolidation, hospitals are charging patients more for the same care that is delivered in a physician's office. For example, cancer patients receiving chemotherapy are paying three times more in a hospital-owned clinic compared to a doctor's office. When a doctor's office is acquired by a hospital system, prices increase by 14% on average. Prices for hospital outpatient services grew by 27% between 2017 and 2022, while prices in an independent doctor's office only grew by 2%.

As a result, patients are paying too much for doctor's office visits when their doctor's office is owned by a hospital. The SITE Act would promote fairer hospital billing in two ways. First, it would ban a practice known as "dishonest billing," which occurs after a hospital buys a doctor's office and begins billing for services performed at that office as if they were performed at the hospital. Hospitals do this because they can charge patients up to three times the amount for care delivered in a hospital setting than care delivered outside of the hospital campus.

Not only does this "dishonest billing" expose patients to higher out-of-pocket costs, it also drives up premiums, co-pays and deductibles, and eats into workers' wages. The SITE Act would end hospital dishonest billing and give patients, seniors, employers, and taxpayers much-needed

relief.

Second, the SITE Act would enact site neutral payment reform. This reform would ensure Medicare reimburses providers at the **same price for the same service**, regardless of whether it's performed in a hospital-owned clinic or at an independent doctor's office. Along with saving money for seniors, it would also save a substantial amount for taxpayers. The Congressional Budget Office estimates that this site neutral payment reform for outpatient services would save taxpayers \$40 billion over ten years.

While the SITE Act would produce big savings for taxpayers and seniors, more comprehensive site-neutral payment reform would save taxpayers \$153 billion and lower premiums and cost-sharing for Medicare beneficiaries by \$94 billion.

The evidence is clear: Together, these two policies contained in the SITE Act would decrease the health care cost burden felt by so many Americans. We look forward to your committee's action on this important issue.

Sincerely,

Progressive Policy Institute

Third Way

American Federation of State, County and Municipal Employees Local 299

American Benefits Council

Americans for Prosperity

Arnold Ventures

Better Solutions for Healthcare

Blue Cross Blue Shield Association

Committee for a Responsible Federal Budget

Committee to Protect Health Care

Community Catalyst

Community Oncology Alliance (COA)

Employ America

The ERISA Industry Committee

Families USA

Infusion Providers Alliance

LUGPA

National Alliance of Healthcare Purchaser Coalitions

National Consumers League

National Kidney Foundation

Partnership for Employer-Sponsored Coverage

Patients Rising

Peterson Solutions Fund

United States of Care

The US Oncology Network

U.S. PIRG (Public Interest Research Group)