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## Congress ditches site-neutral hospital pay policy



By [Rachel Cohrs](#)<sup>2</sup> <sup>3</sup>Feb. 26, 2024



Lawmakers have decided to punt a site-neutral hospital pay policy that hospitals lobbied against. *STEFANI REYNOLDS/AFP via Getty Images*

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WASHINGTON — Congress will not move forward with a controversial policy to equalize certain Medicare payments to hospitals and physicians’ offices in an upcoming government funding package, five lobbyists and sources following the talks told STAT.

The delay is a win for hospitals, which have adamantly lobbied against the policy. It would have seen Medicare paying one price to doctors who administered drugs, whether they did so in an office or at a hospital, rather than paying more in the latter scenario. A [House-passed](#)<sup>5</sup> version of so-called “site-neutral” payments would have saved the federal government billions of dollars. But [Senate Republicans have voiced concerns](#)<sup>6</sup> about how such a policy could impact rural hospitals in their districts.

Lawmakers are this week negotiating a package to fund the government, as well as renewing expiring health programs to fund safety-net hospitals, community health centers, and public health programs. However, key policy priorities including site-neutral payments and [reform to pharmacy benefit managers](#)<sup>7</sup>, practices are falling by the wayside as the talks progress.

The policy could be revived, as Congress faces additional deadlines to extend health programs later this year.

Though the policy was piecemeal in the grand scheme of the potential scope of site-neutral reforms, hospitals saw it as a slippery slope that could lead to further cuts to their Medicare payments in the future. Adopting the policy in a broader manner could save the government \$150 billion over a decade, but the policy the House was considering saves just \$3 billion.

Hospitals argue their payments should be higher than physicians' for the same services because they have more overhead costs to accept patients at all hours, and because they have to see patients that walk through their doors.

Site-neutral policies have drawn support from an [unusually diverse coalition](#)<sup>10</sup> of advocacy groups and think tanks on both sides of the aisle that see it as a big saver for the Medicare program that could have benefits for patients. Insurers have also advocated for the policy.

## About the Author



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