

# Same Service, Same Price: Reasons to Support



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Prices for health care services should depend on their value to patients, not where the service is provided. However, right now, seniors are paying higher prices for seeing a doctor employed by a hospital instead of an independent physician. For example, a chest x-ray in a hospital-owned clinic costs Medicare \$92, versus \$27 in an independent physician's office. In addition to inflating costs for seniors, workers get hit with similar variation in the price for their care. Hospitals hike their prices by an average of 14% when they take over a physician's practice.

Same service, same price policies — also called *site-neutral* policies — would end price markups for standard medical services (primary care, labs, drug administration, etc.) at hospitals compared independent physician practices. Below are five reasons lawmakers in Congress should support same service, same price:

1. **Save seniors money:** Medicare beneficiaries are responsible for paying 20% of the cost for physician services. Same price for the same hospital services would save seniors over \$300 a year. <sup>1</sup>
2. **Remove incentives for gutting competition:** To generate more revenue, hospitals purchase physician practices and inflate bills paid by Medicare and commercial plans. This consolidation increases hospitals' monopoly power, leading to further price increases. Same service, same price policies would reduce these incentives.
3. **Lower costs for workers with private insurance:** Because prices for private insurance often follow Medicare's lead, same service, same price policies would save people with private insurance (both individual and employer plans) up to \$117 billion in premiums and \$152 billion in out-of-pocket costs over a decade. Extending same service, same price regulations to the commercial market would result in even more premium and out-of-pocket savings.
4. **Reduce the deficit:** Same service, same price policies would produce up to \$280 billion in Medicare savings over a decade, adding stability to Medicare's finances without cutting benefits. These savings also create an opportunity to reinvest in other parts of the health care system, including revitalizing funding for safety-net and rural hospitals.

5. **Advance bipartisanship:** Legislation on same service, same price for drug administration in Medicare passed the House with widespread support on both sides of the aisle. A bipartisan group of Senators also introduced the SITE Act, which would align rates throughout Medicare. Same service, same price is a bipartisan solution that can unite Democrats and Republicans, along with moderates, progressives, and conservatives.

#### TOPICS

<b>HEALTH CARE COSTS</b> 106
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## ENDNOTES

1. Site-neutral payment policies are projected to save Medicare beneficiaries \$94.6 billion in premiums- and cost-sharing over 10 years. There are 30.6 million people in traditional Medicare, and savings distributed evenly would produce over \$300 a year for each enrollee.