

CMS Decreases Clinic Visit Payments to Hospital-Employed Physicians and Expands Decreases in Drug Payments 340B Cuts

The Centers for Medicare and Medicaid Services (CMS) has reimbursed hospital-employed physicians more than self-employed physicians. However, CMS is moving forward with plans to expand its site-neutral payment policy to clinic visits, a move that could save the agency hundreds of millions of dollars (1).

Clinic visits are the most common service billed to CMS. CMS estimates that it is now paying about \$75 to \$85 more on average for the same service in hospital outpatient settings compared to physician offices. Beneficiaries are responsible for 20% of that increased cost. The payment change is projected to save Medicare \$610 million and patients about \$150 million. Higher CMS payments to hospital-employed physicians have also been associated with higher commercial prices and spending for outpatient care which could save CMS even more money (2).

However, CMS abandoned its 2016 plan to expand a site-neutral rule. That regulation would have paid hospital off-campus facilities less than hospital-based outpatient departments if they started billing Medicare after Nov. 2, 2015. Following pushback from the American Hospital Association and others, the agency said it decided to not finalize that provision.

CMS' 340B Drug Discount Program requires drug manufacturers to provide outpatient drugs to eligible hospital-based departments at significantly reduced prices. CMS will expand last year's cuts to 340B discounts given to outpatient facilities. Last year, the agency cut 340B drug payments by \$1.6 billion, or 22.5% less than the average sales price. CMS is expanding the 340B cut to off-campus provider-based departments to prevent hospitals from moving their drug administration services for 340B-acquired drugs to an off-campus facility to receive a higher payment.

Richard A. Robbins, MD
Editor, SWJPCC

References

Dickson V. CMS slashes clinic visit payments, expands 340B cuts. Modern Healthcare. November 2, 2018. Available at:

<https://www.modernhealthcare.com/article/20181102/NEWS/181109978> (accessed 11/2/18).

Neprash HT, Chernew ME, Hicks AL, Gibson T, McWilliams JM. Association of financial integration between physicians and hospitals with commercial health care prices. JAMA Intern Med. 2015 Dec;175(12):1932-9. [\[CrossRef\]](#) [\[PubMed\]](#)