

## **Addressing Medicare payment differences across settings: Ambulatory care services**

**ISSUE:** Medicare payments are higher for most services if they are provided in a hospital outpatient department (OPD) or provider-based entity than if they are provided in a freestanding physician practice or professional office. Consequently, as more physicians become employed by hospitals, more services will be provided in OPDs or provider-based entities, which will result in higher Medicare program spending and beneficiary cost sharing. In addition, Medicare payment rates are higher for ambulatory surgical procedures if they are provided in an OPD than in an ambulatory surgical center (ASC).

**KEY POINTS:** In a prior report, the Commission recommended making Medicare payment rates for evaluation and management (E&M) office visits equal whether they are provided in OPDs or freestanding practices. In this research, we move beyond E&M office visits and evaluate other services that could have equal payment rates across OPDs and freestanding practices or have smaller differences than currently exist. In addition, we evaluate procedures that could have equal payment rates in OPDs and ASCs.

**ACTION:** Commissioners should provide guidance on the direction staff should take on this analysis.

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