

Aligning fee-for-service payment rates across ambulatory settings

ISSUE: Medicare payment rates often differ for the same service among ambulatory settings, which include physician offices, ambulatory surgical centers (ASCs), and hospital outpatient departments (HOPDs). These payment variations encourage arrangements among providers that result in care being provided in the settings with the highest payment rates, thereby increasing total Medicare spending and beneficiary cost sharing.

KEY POINTS: Some ambulatory services cannot be safely provided in freestanding offices or ASCs and should be provided only in HOPDs. However, if the same service can be safely provided in different settings, a prudent purchaser should not pay more for that service in one setting than in another. For some services, payment rates could be aligned across the three ambulatory settings to more closely match the payment rate of the lowest cost setting without adversely affecting beneficiaries' access to care.

ACTION: Commissioners will discuss ambulatory services for which it might be appropriate to align payment rates across settings.