

## Americans Could See Major Savings on Routine Imaging Services If Congress Makes “Same Service, Same Price” a Reality

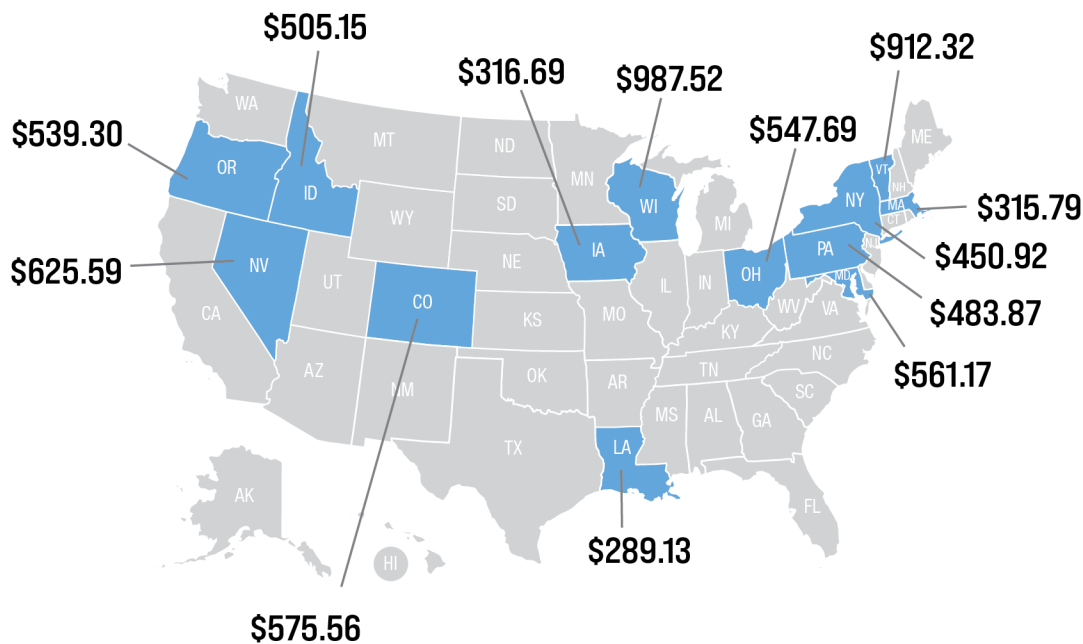


The scariest thing about getting medical treatment should not be the bill, but over the past few decades, big health care corporations have become big businesses, at a big cost to all of us. Take the story of a 72-year-old grandmother in Ohio, Kyunghie Lee, who saw her doctor once a year for a \$30 steroid injection when the arthritis in her fingers got unbearable.<sup>1</sup> One year, she noticed that her doctor’s office had moved up one floor but did not think much about it — until she got the bill, which included a \$1,262 fee for “operating room services.”<sup>2</sup> The hospital system that owned her doctor’s office had changed floors to be able to bill as a “hospital-based setting” rather than an “office-based setting” same shot, same doctor.

These differences in payments for the same procedures from floor to floor or from building to building are not limited to shots administered by a doctor. In fact, they can show up in everything from MRIs and X-rays to simple procedures, like stitches or standard office visits, like physical therapy sessions.<sup>3</sup> These services are almost always safely performed in a regular doctor’s office, but because of a floor change or new sign on the door, they end up costing Americans hundreds of billions of dollars more each year with no added benefit to anyone except big health corporations and their CEOs with million-dollar salaries.<sup>4</sup> Meanwhile, nearly 40% of Americans skip health care they need because they cannot afford it.<sup>5</sup> This is not right. Health care is supposed to be about patients and doctors, not about dollars and cents.

## Potential Savings for Knee MRIs with Implementation of Same Service, Same Price Policy

### State Estimated Potential Commercial Savings Per Procedure



So, what can we do? Members of Congress are considering a bipartisan solution: “same service, same price,” regardless of where patients receive care. This approach would provide relief to millions of Americans with commercial health insurance and save hundreds of billions in costs to seniors, working families and American taxpayers.<sup>6</sup> **We should pay for the quality of the health care we receive, not the building where we receive it.**

The following analysis looks at one of the most common medical procedures, a knee MRI, and shows how much the average person in America with commercial insurance could save if Congress took action to make same service, same price policies a reality. Because Medicare sets the benchmark for how other insurers pay for health care, enacting a same service, same price policy in Medicare would not only result in significant savings for those with Medicare coverage but also for patients with commercial insurance.<sup>7</sup>

The figure above shows the significant savings that people with commercial insurance in different states could experience if big hospital corporations could not charge more for an MRI simply because it was delivered in a room they had chosen to designate as a hospital setting.

**The MRI is the same, whether it is done in a hospital or in a doctor’s office, so why are Americans being asked to pay so much more?**

*With 85% of American families supporting a same service, same price policy, now is the time for members of Congress to finish what they started and make same service, same price a reality.*



In Wisconsin, \$1,000 is the same as the cost of diapers for a baby during its first year of life.

In New York City, groceries typically cost about \$486 per month per person. This commonsense policy reform means that if someone in New York City needed an MRI, that person would no longer have to choose between getting the needed procedure or buying groceries that month.

One-third of Americans reported that the high cost of health care interferes with their ability to secure basic needs like buying groceries and paying rent,<sup>8</sup> so these potential significant savings could make a difference in the lives of many people and families across America. With 85% of American families supporting a same service, same price policy, now is the time for members of Congress to finish what they started and make same service, same price a reality.<sup>9</sup>



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## Methodology

Families USA conducted an original analysis to estimate the potential cost savings that commercially insured patients could experience overall if lawmakers enacted a comprehensive site-neutral payment policy, also referred to as “same service, same price,” in Medicare for a set of commonly used medical services. The analysis relies on a number of data sources, including commercial insurer data sourced from the Health Care Cost Institute (HCCI), which includes 2021 and 2022 billing data on health care services used by more than one-third of all individuals with employer-sponsored private insurance, including the negotiated rates (that is, allowed amounts) associated with each service paid by commercial insurers and commercially insured patients, as well as published Medicare payment rates as established in the Centers for Medicare & Medicaid Services’ Medicare Physician Fee Schedule (MPFS) and Medicare Hospital Outpatient Prospective Payment System (OPPS) for calendar year 2024.

Based on these data, Families USA calculated estimates for how much money a commercial insurer and patient would save in total per service by 1) calculating the percentage difference in what Medicare would pay (on a per service basis) if those services were subject to a site-neutral payment policy and paid exclusively at the MPFS rate, and then 2) reducing the negotiated rates commercial insurers would pay for select services by that same percentage difference in order to estimate potential commercial savings. Ultimately, this analysis produced estimates for how much commercial insurers and patients could save in total health care costs per service per person. These savings were estimated for a select number of states to understand how commercial payers and patients whose states experience varying levels of commercial price variation would benefit if lawmakers enacted a site-neutral payment policy.

Importantly, by estimating commercial savings from enacting a site-neutral payment policy in Medicare, this analysis relies on well-founded evidence that Medicare sets the benchmark for how other payers reimburse for health care, typically as a percentage of Medicare (for example, 138% of Medicare). In fact, one study found a \$1.00 increase in Medicare price was correlated with a \$1.16 increase in commercial prices for the same service.<sup>10</sup> This analysis and its approach should be considered a conservative estimate of the potential cost savings commercial health insurers and commercially insured patients combined would experience if lawmakers enacted a site-neutral payment policy in Medicare.

## Endnotes

<sup>1</sup> Lauren Weber, “Her Doctor’s Office Moved 1 Floor Up. Why Did Her Treatment Cost 10 Times More?” *All Things Considered*, NPR, March 26, 2021, <https://www.npr.org/sections/health-shots/2021/03/26/976112513/her-doctors-office-moved-1-floor-up-why-did-her-treatment-cost-10-times-more>.

<sup>2</sup> Weber, “Her Doctor’s Office Moved.”

<sup>3</sup> Frederick Isasi, Sophia Tripoli, and Hazel Law, *Gaming the System: How Hospitals Are Driving Up Health Care Costs by Abusing Site of Service* (Washington, DC: Families USA, June 2023), <https://familiesusa.org/wp-content/uploads/2023/06/Gaming-the-System-How-Hospitals-Are-Driving-Up-Health-Care-Costs-by-Abusing-Site-of-Service.pdf>.

<sup>4</sup> Health Savers Initiative, *Equalizing Medicare Payments Regardless of Site-of-Care*, (Washington, DC: Committee for a Responsible Federal Budget, February 23, 2021), <https://www.crfb.org/papers/equalizing-medicare-payments-regardless-site-care>; Bob Herman et al, “Health Care’s High Rollers: As the Pandemic Raged, CEOs’ Earnings Surged,” STAT, July 18, 2022, <https://www.statnews.com/2022/07/18/health-care-ceo-compensation-2021/>.

<sup>5</sup> Megan Cerullo, “Nearly 40% of Americans Skipped Medical Care in 2022 Because of Cost Concerns, Poll Finds,” CBS News, January 18, 2023, <https://www.cbsnews.com/news/medical-care-costs-americans-skipped-gallup/>.

<sup>6</sup> “An Analysis of the President’s 2021 Budget,” Congressional Budget Office, March 2020, <https://www.cbo.gov/publication/56301>; Health Savers Initiative, *Moving to Site Neutrality in Commercial Insurance Payments* (Washington, DC: Committee for a Responsible Federal Budget, February 14, 2023), <https://www.crfb.org/papers/moving-site-neutrality-commercial-insurance>.

<sup>7</sup> Isasi, Tripoli, and Law, *Gaming the System*.

<sup>8</sup> *Americans’ Views of Healthcare Costs, Coverage, and Policy* (Chicago: NORC at the University of Chicago and West Health Institute, March 2018), <https://www.norc.org/content/dam/norc-org/pdfs/WHI%20Healthcare%20Costs%20Coverage%20and%20Policy%20Issue%20Brief.pdf>.

<sup>9</sup> “New Poll: Majority of Voters Support Aggressive Congressional Action to Lower Hospital Prices,” Arnold Ventures, March 23, 2023, <https://www.arnoldventures.org/stories/new-poll-majority-of-voters-support-aggressive-congressional-action-to-lower-hospital-prices>.

<sup>10</sup> Jeffrey Clemens and Joshua Gottlieb, “In the Shadow of a Giant: Medicare’s Influence on Private Physician Payments,” *Journal of Political Economy* 125, vol. 1 (December 16, 2016): 1–39, <https://www.journals.uchicago.edu/doi/10.1086/689772>.



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