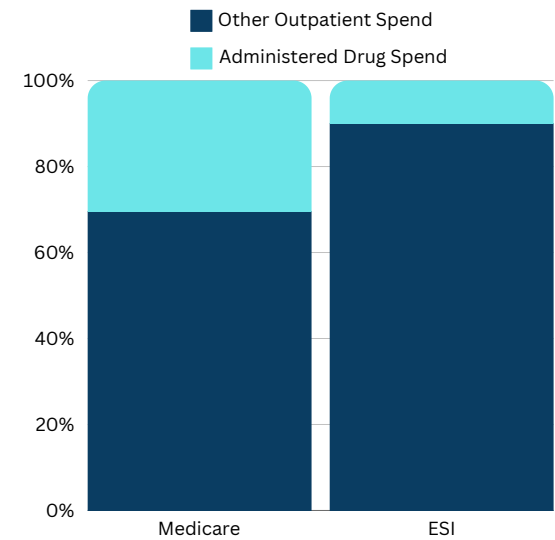


SITE NEUTRAL PAYMENTS:

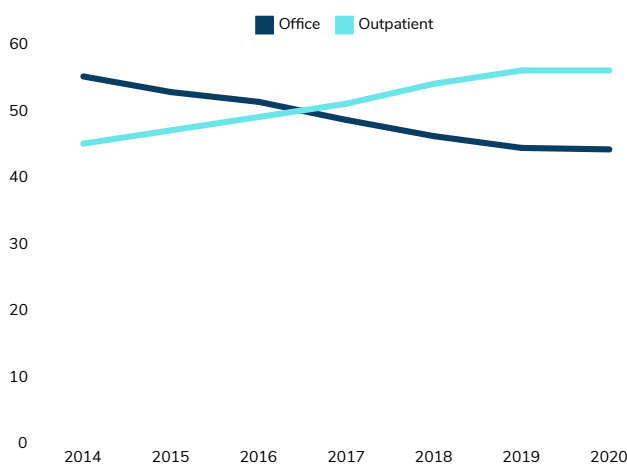
A tool to curb spending on administered drugs in Medicare FFS and employer-sponsored insurance

Administered drug spending accounts for a large proportion of total outpatient spending. This is true for enrollees in both Medicare (30%) and employer-sponsored insurance (ESI) (10%).



Source: Health Care Cost Institute. On Average, ESI Pays Nearly 3 times Medicare for Hospital Outpatient Services. 14 December 2023.

Percent of Chemotherapy Infusions by Setting in ESI

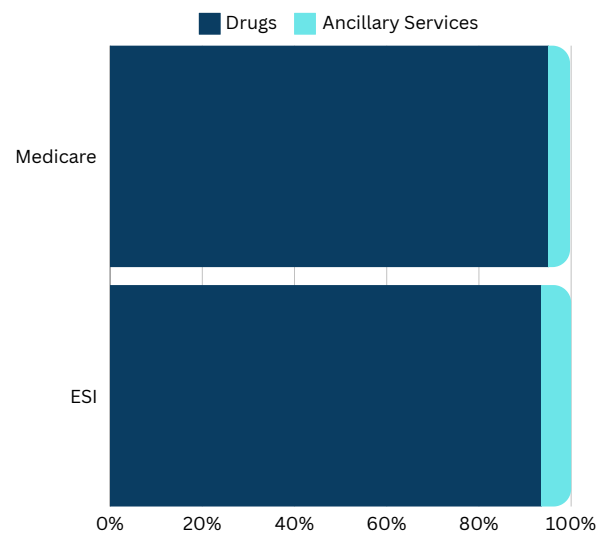


Source: Chang, J and Sen, A. Health Care Cost Institute. Rising Share of Chemotherapy Services Provided in Outpatient Departments is Associated with Higher Costs for Patients and Payers. 28 March 2023.

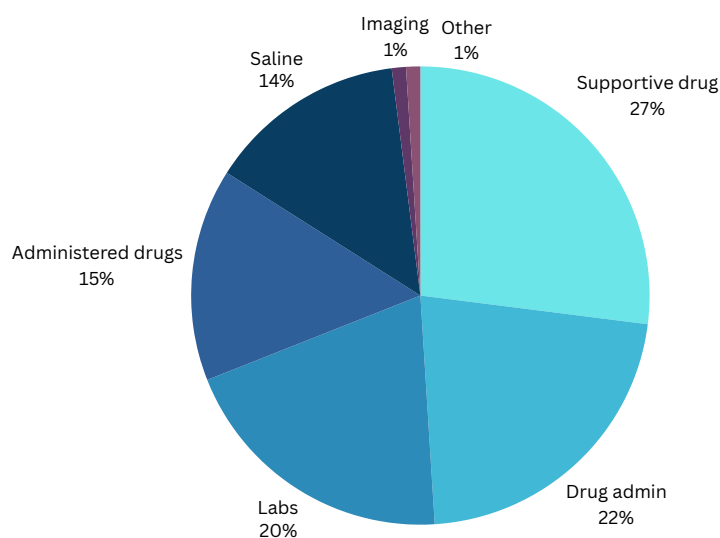
More administered drugs, like chemotherapy, are given in hospital outpatient settings than in physician offices. This is due, in part, to increased health care consolidation over time.

95% of spending on administered drug services is for the drugs themselves. If Medicare and ESI implemented site neutral payments for administered drugs, they would address the largest component of related spending.

Percent of Spending on Billed Services during Chemotherapy Infusions in ESI



Source: Chang, J. Health Care Cost Institute. ASHEcon 2024. Growing Gap between Medicare and ESI Reimbursement Amounts in Administered Drug at Hospital Outpatient Departments.



Source: Chang, J. Health Care Cost Institute. ASHEcon 2024. Growing Gap between Medicare and ESI Reimbursement Amounts in Administered Drug at Hospital Outpatient Departments.

There is an opportunity for greater savings if site neutrality is extended to ancillary services that occur during drug infusions. Ancillary services account for 85% of billable services rendered during a drug infusion for those with ESI, and represent a growing share of spending on administered drugs.