



MEMORANDUM IN OPPOSITION

OFFICE-BASED SURGERY FACILITY FEE

90 State Street • Suite 825
Albany, NY 12207-1717
518.462.2293
Fax: 518.462.2150
www.nyhpa.org

The New York Health Plan Association (HPA) opposes the Senate budget proposal that purports to allow office-based surgery sites to bill a “facility fee” for services provided. This proposal would impose higher prices for office-based surgery services and increase health insurance costs for consumers and employers.

Health plans contract with office-based surgery practices and most plans pay an enhanced reimbursement rate, called a “site-of-service differential,” to these practices — a practice that tracks Medicare policy. This additional reimbursement is intended to compensate the physician for the added office surgical costs over and above the physician’s professional service fee. This is different than a facility fee that would be paid to Article 28 entities that are required to meet important state patient safety, access and quality standards.

The proposal would allow providers to bill — but arguably does not require a health plan to pay — a facility fee to these practices regardless of whether they are in-network or out-of-network, which undermines health plans’ ability to enhance their networks by utilizing incentives for providers to remain in-network. Health plans have carefully developed integrated health care networks designed to increase quality, enhance medical competency, encourage greater collaboration and coordination of care, while at the same time promoting cost efficiencies that help make health care more affordable and accessible. Thus, the proposal could result — and is intended to result — in higher prices paid to non-participating providers while not improving quality or protecting consumers against higher out-of-pockets costs.

Additionally, this proposal permits the “owner” of the office-based surgery site to independently bill for services separate and apart from the physician who performs the professional services. Paying an enhanced reimbursement to physicians performing procedures in their own office setting is one thing. Paying a second fee to the owner of the site is altogether different, and is objectionable.

This proposal would lead to increases in the cost of providing health insurance coverage. This will only hurt employers and consumers trying to afford health insurance coverage, with no guarantee of higher quality or better outcomes. Office-based surgery sites are not certified Article 28 entities, but, under this proposal, seek the same financial benefits without meeting higher standards requirements related to safety, quality and access. For example, few if any of these office-based surgery practices accept Medicaid patients. For these reasons, HPA opposes the Senate budget proposal on office-based surgery.

The New York Health Plan Association represents 23 managed care health plans that provide comprehensive health care services to nearly 7 million New Yorkers.