

To: Vermont Legislature and the Green Mountain Care Board

Re: Site-Neutral Policy

If the goal is protecting access to healthcare in Vermont's communities, **preserving independent providers is more stabilizing** than propping up hospital rate advantages.

The Hospital “Access Collapse” Argument Is Structurally Weak

1. Most Hospital Outpatient Services Are Not Loss Leaders

In many systems, outpatient services (PT, imaging, lab, infusion, routine specialty visits) are among the **most stable revenue generators**, not the least.

Hospitals rely on outpatient volume to:

- Feed referrals to higher-margin inpatient services
- Maintain system capture
- Support employed physician networks
- Justify capital investments

The core truth:

Hospitals don't abandon revenue lines that preserve market share.

2. Site-Neutral Removes Arbitrage, Not Access

What disappears is the “facility differential,” not the clinical service.

Hospitals can:

- Restructure cost models
- Reduce administrative layering
- Partner with independent providers

Healthcare systems adapt rapidly when payment incentives change. They do not typically exit viable service lines — they reconfigure them. More accessible, efficient care in the independent sector will open up.

3. If Services Truly Cannot Survive Without a Premium — That's a Policy Signal

If a hospital can only maintain outpatient services because it receives materially higher reimbursement for identical care, that suggests:

- Its cost structure is inefficient
- Or the service is not economically sustainable at real market rates

In those cases, targeted rural subsidies or global budgets are more transparent and accountable than hidden cross-subsidization through inflated outpatient payments.

A blanket payment premium is not a policy solution. It does not address the underlying cost drivers; it simply sustains them without accountability.

4. Site-neutral ensures independent providers remain viable where no other safeguards exist

Current laws and regulations have failed to protect independent practices, which remain outside the Green Mountain Care Board's oversight. Only **site-neutral payment reform** can organically stabilize the healthcare system and create a level playing field for all providers at lower cost to the public.

5. Evidence From CMS Phasing in Site-Neutral

When CMS implemented partial site-neutral rules in prior years, there was no widespread collapse of outpatient services. Hospitals adapted through:

- Billing structure changes
- Operational efficiency improvements
- Care setting redesign

The system flexes.

If a hospital drops outpatient services solely because it cannot receive a higher payment for identical care, that's not an access issue — it's a pricing issue. Site-neutral doesn't eliminate services; it eliminates payment arbitrage. Hospitals adapt. Patients deserve equal costs for equal care. Providers deserve equal reimbursements for equal services. Our economy deserves a sustainable, affordable healthcare system.

Please - Do not miss this present opportunity before you.

Support site-neutral legislation