

Testimony – Sharon Gutwin PT owner of the RehabGYM

Vermont Senate Finance Committee

H.585 Sec. 7. SITE-NEUTRAL REIMBURSEMENT FOR PHYSICAL THERAPY, OCCUPATIONAL THERAPY, AND ATHLETIC TRAINING

April 8, 2026

Site-neutral billing (SNB) within commercial insurance is one of the most effective policy tools available to reduce soaring healthcare costs. It has been studied and supported by federal advisory bodies, nonpartisan commissions, and healthcare economists for over a decade.

MedPac most recently identified outpatient services as strong candidates for SNB. Their 2023 report identified physical rehabilitation as an ideal place to begin—it is targeted, measurable, and offers a responsible pathway to lower costs, stabilize independent providers, and improve patient access without undermining Vermont's hospitals.

Hospitals often argue that site-neutral policies fail to account for higher overhead costs such as emergency services, regulatory compliance, and treating more complex patient populations. However, there is no evidence demonstrating a meaningful difference in quality between hospital-owned and independent outpatient rehabilitation services that would justify significantly higher prices.

Instead, what we see is a blending of hospital-based costs—such as critical care—with outpatient services. This obscures the true cost of care and makes meaningful healthcare reform more difficult.

Site-Neutral creates fairness for patients. Many Vermonters are unaware that choosing a hospital-owned outpatient clinic can result in significantly higher costs. Hospital PT clinics in Vermont often charge between 2.5 to 3.5 times more than independent practices for the same services.

Physical rehabilitation is a strong starting point for site-neutral reform for several reasons:

- **It involves a limited set of billing codes—approximately 15—making implementation and data tracking straightforward.**
- **It minimizes disruption to hospitals, as outpatient rehabilitation is not a primary driver of hospital financial stability.**
- **It improves access, as independent clinics are more geographically distributed and closer to where patients live.**
- **It reduces administrative burden for both insurers and providers by simplifying or eliminating rate negotiations.**

Beginning SNB with physical rehabilitation allows Vermont to test this method of payment reform in a controlled, measurable way—generating real data on cost savings, access, and outcomes.

In closing, site-neutral reimbursement for outpatient services is a proven approach to lowering healthcare costs. The question is not whether it will work, but how much it can save.

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Suggestions for success with SNB

Factors to Consider.

1. Not all Physical Rehabilitation Clinics give **access to Medicare, Medicaid and Military** because of low payments. SNB is meant to stabilize clinics to increase access.

Possible Solutions.

- Apply SNB to only clinics who include services to Medicare, Medicaid and the Military
- Provide a lower SNB base and add a percentage of payment to those clinics that do.

2. **Pools are expensive** and CMS Rates do not cover the cost.

Possible Solution.

- Add a percentage amount (ex. Additional 10%CMS for the CPT code 97113)

3. **An insurer may not be responsible in setting the payment** and creates a payment too low which threatens all clinics and creates unfairness between insurance companies.

Possible Solution.

- Have the GMCB set the parameters

I believe it would be helpful to receive reports from not only the insurers and hospitals, but the independent by way of a survey to evaluate the successes and challenges.

I am willing to help. Success of SNB does not lie in one part, but the whole.