

# Why Site Neutral Model Legislation? The Labor/Employer Perspective

NOVEMBER 18, 2025



32BJ LABOR INDUSTRY COOPERATION TRUST FUND

# What is 32BJ Health Fund?

- Affordable, comprehensive, and innovative health coverage for 200,000 SEIU 32BJ union members and their families.
- Premium contributions from 5,000 employers
- Self-insured, \$0 employee premiums, low or no copays and deductibles

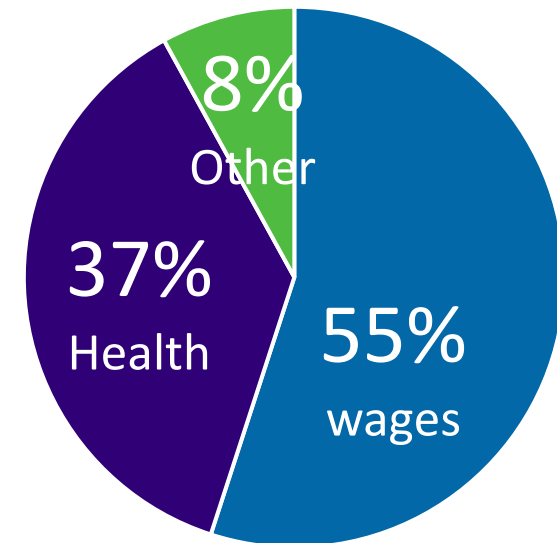


# Rising Hospital Prices Threaten Healthcare Affordability & Worker Wages

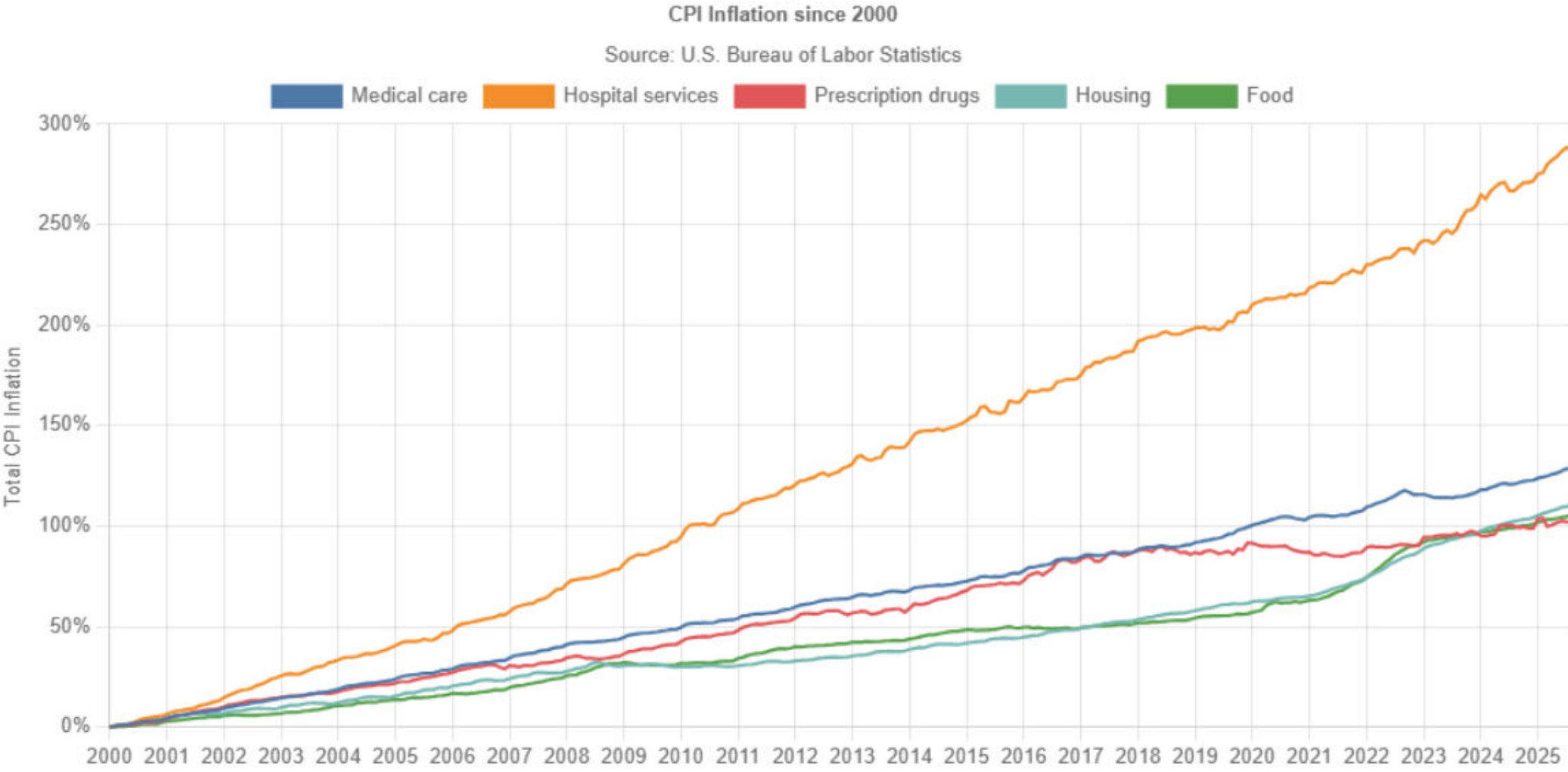
In 2004, healthcare represented only 17% of total compensation for 32BJ members. It is now 37%.

If healthcare costs had only risen at the rate of inflation from 2012-2022, **employers would have been able to pay 32BJ SEIU members an additional \$5k in wages.**

Total Compensation for 32BJ Members



# Beyond Benefit Design: The Need for Systemic Action



# 32BJ Labor Industry Cooperation Fund & Our Legislative History

**S7199/A8169 (NYS)**  
**2022**

- Health Equity & Accountability Law (HEAL)
- Banned certain anticompetitive contracting clauses between carriers and hospitals.

**Bill No. 844 (NYC)**  
**2023**

- Healthcare Accountability and Consumer Protection Act (HACPA)
- Established an Office of Healthcare Accountability to analyze and generate policy recommendations to address NYC healthcare costs and hospital prices.

**S.4097/A.5817 (NYS)**  
**2024**

- Requires the state to gather and analyze public employee claims data to identify cost drivers and opportunities for savings.

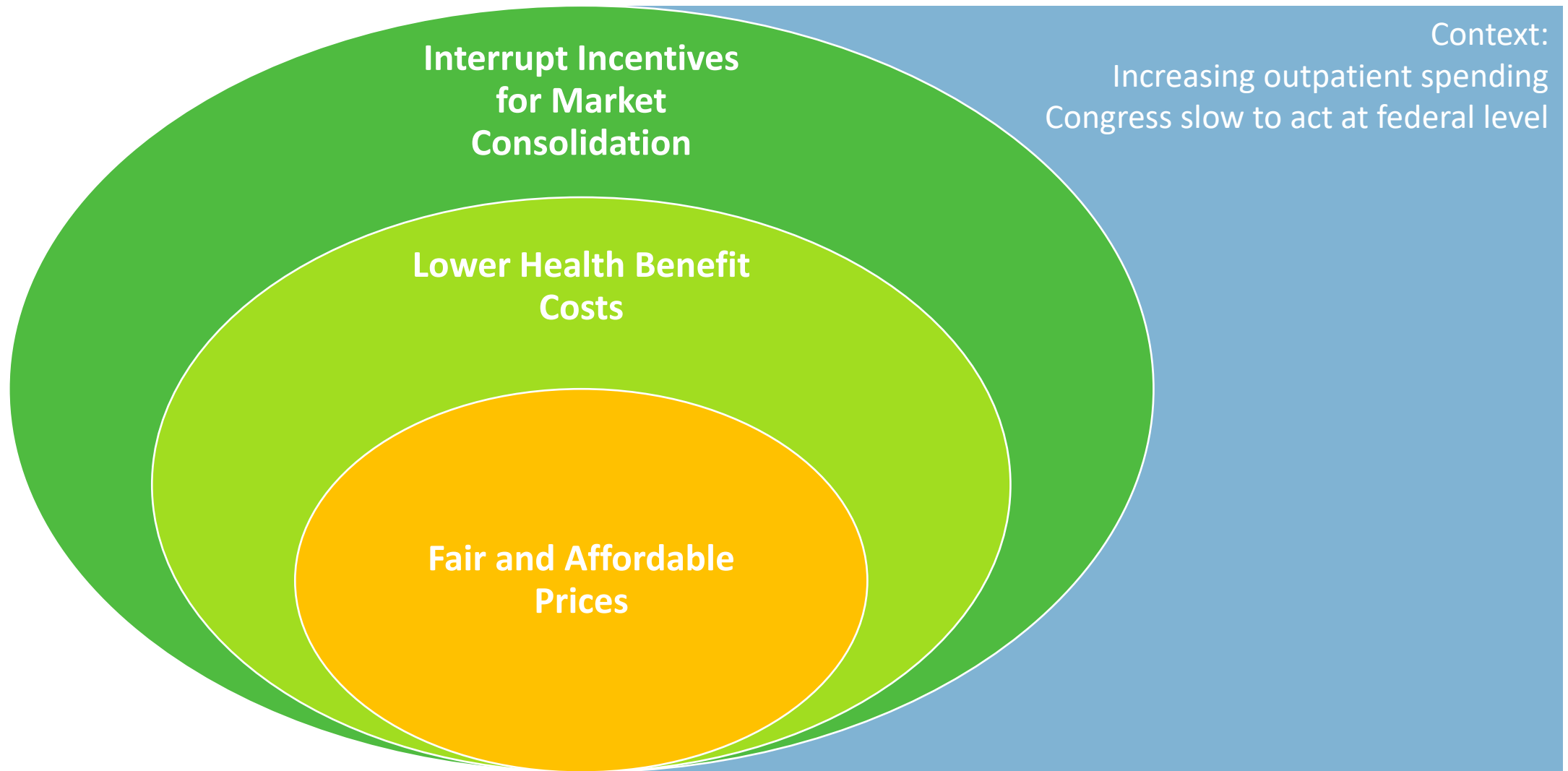
**A5376/S4299 (NJ)**  
**Currently in Session**

- Health Care Accountability Law (HCAL)
- Putting the healthcare spending in the state on a budget through codifying and strengthening a cost growth benchmark program

**Focus on Price**



# Site Neutral Legislation: Direct and Targeted Focus on Price



# Data: Price Variation by Site of Service



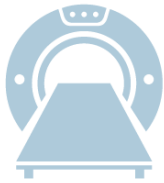
## IV FOR DEHYDRATION

DOCTOR'S OFFICE

**\$67**

HOSPITAL OUTPATIENT

**\$1,719**



## MRI

DOCTOR'S OFFICE

**\$660**

HOSPITAL OUTPATIENT

**\$1,309**



## FLU SHOT ADMINISTRATION

DOCTOR'S OFFICE

**\$23**

HOSPITAL OUTPATIENT

**\$183**



## HOME SLEEP STUDY

DOCTOR'S OFFICE

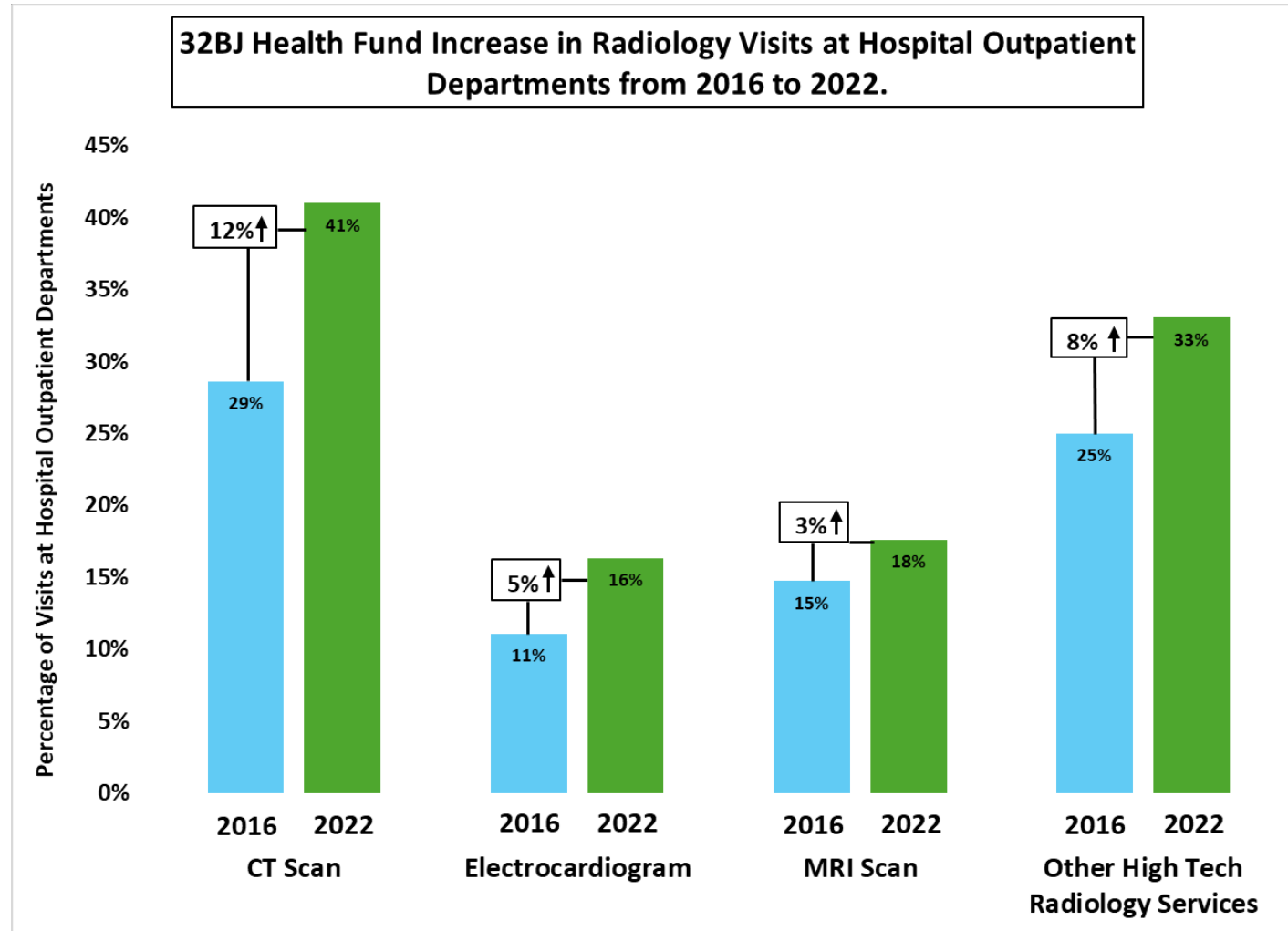
**\$310**

HOSPITAL OUTPATIENT

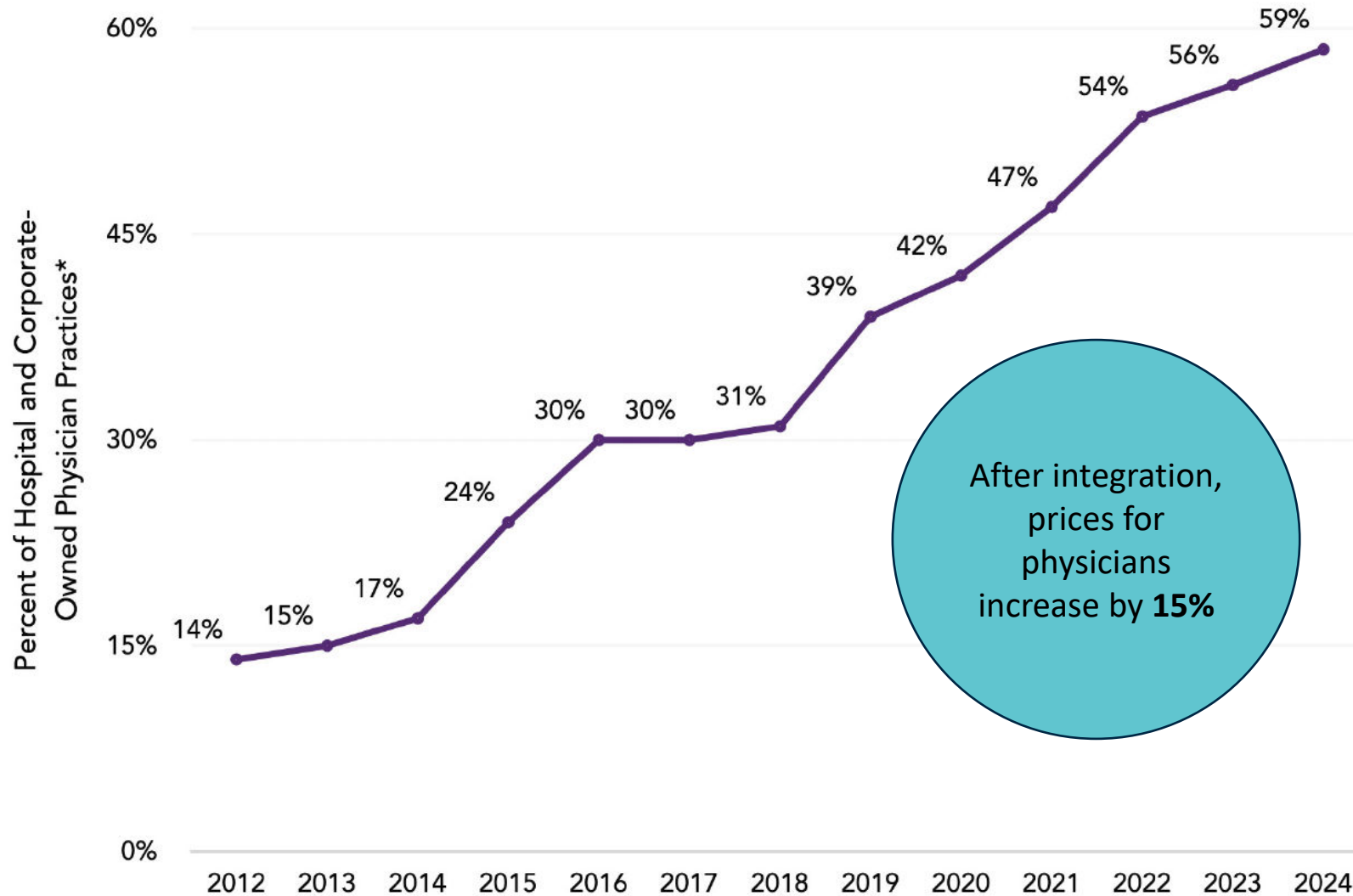
**\$4,118**

Hospitals Are Charging New Yorkers **4x**  
More Than A Doctor's Office  
For Routine Medical Services

# Data: routine services shift to hospital outpatient departments over time



# Vertical Consolidation: Hospitals Acquire Physicians and Raise Prices



Sources:  
Physicians Advocacy Institute (February 2019). Updated Physician Practice Acquisition Study: National and Regional Changes in Physician Employment 2012-2018.

Physicians Advocacy Institute (April 2024). Updated Report: Hospital and Corporate Acquisition of Physician Practices and Physician Employment 2019-2023. Prepared by Avalere Health.

Cooper, Z. et al. (July 2025). Are Hospital Acquisitions of Physician Practices Anticompetitive?

\*PAI began tracking corporate ownership separate from hospital ownership in 2019; 2019-2024 data includes ownership by other corporate entities.



# Key Features of NYS Site Neutral Legislation: Fair Pricing Act

1. Provider rate cap
2. Average commercial price of services in office setting – used as a reference for benchmark
3. Medicare & MedPAC as basis for services & rate cap level
4. Facility fee ban integrated but the focus is on total cost of care

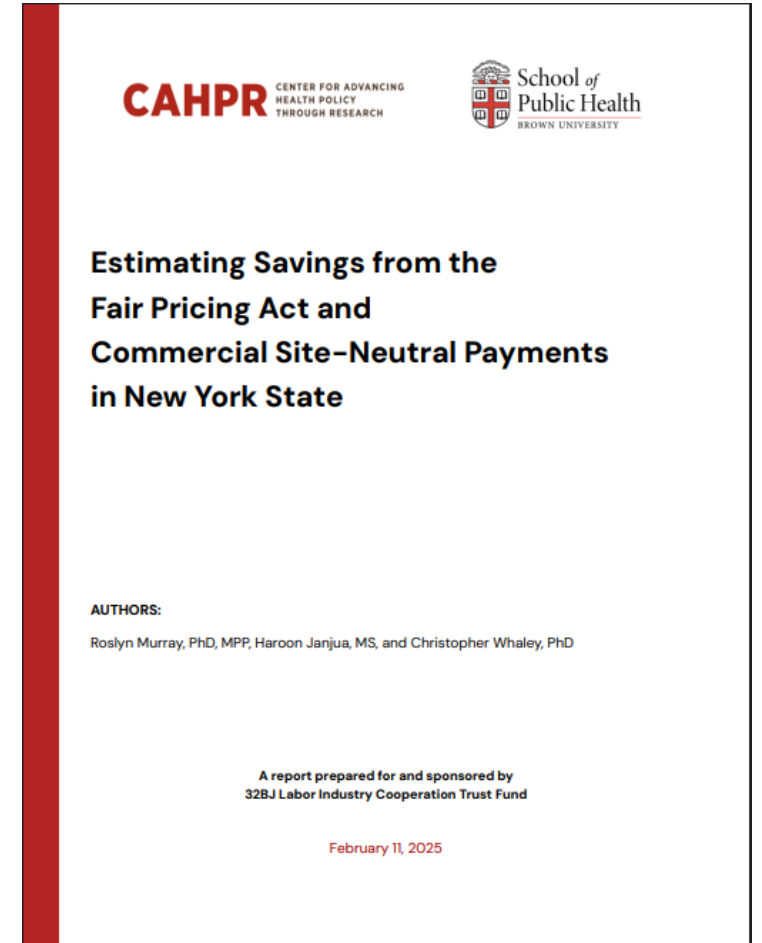


# Anticipated Savings

Estimated savings of \$1.14 billion in reduced healthcare spending across New York State

Patients could save \$213.4 million in lower out-of-pocket expenses

Employers, Unions, Health Plan Sponsors could save 2% in annual health benefit spending



# NASHP Model Legislation to Establish Site-Neutral Commercial Payment for Select Outpatient Health Care Services

NASHP Webinar

Nov. 18, 2025



Erin C. Fuse Brown, JD, MPH

Professor of Health Services, Policy & Practice, Brown University School of Public Health

# NASHP Model: Commercial Site-Neutral Payment for Select Outpatient Services


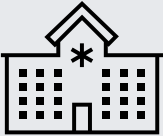


**Objective:** Improve affordability of health care and counter rising costs from vertical consolidation

**Mechanism:** Close the "site-of-service" differential for outpatient services that can be safely provided in lower cost settings (office-based, ambulatory)

**Principle:** patients and purchasers should pay the same price for the same services, regardless of where the service is provided



# NASHP Model Law: Establishing Site-Neutral Commercial Payment for Select Outpatient Health Care Services

	Key Part of Model	Description
	<b>Applicable services</b>	Which outpatient services are subject to site-neutral payment requirement
	<b>Requirements for providers</b>	Establishes site-neutral payment requirement for applicable services, capped at a multiple of the lowest cost (non-hospital) Medicare rate for the services
	<b>Requirements for contracts between providers and health plans</b>	Prohibits provider-payer contracts that contain provisions for payment in excess of site-neutral rates for applicable services
	<b>Reporting and Enforcement</b>	Creates reporting requirements to monitor compliance and assess impact Public disclosure Enforcement and penalties for noncompliance



# Applicable Services

Defines “Applicable Services” as outpatient services that can be safely and appropriately provided across ambulatory settings. Includes:



The 66 “ambulatory payment classifications” (APCs) identified by MedPAC’s June 2023 Report to Congress



Any outpatient service recommended or required to be paid in a site-neutral manner by federal or state law, HHS, MedPAC, e.g., evaluation and management services



Any other outpatient services identified by designated state authority as safe and appropriate to be provided in lowest-cost setting



# Requirements on Providers

- **Site-neutral payment** : Prohibits providers from charging, billing, or accepting payment for applicable services that exceeds the *lesser of*:
  - [150%] of the Medicare non-hospital rate for the same service; or
  - The negotiated rate
- **For in-network providers**: Requires providers that contract with health plans to accept site neutral payment as payment in full for applicable services (to avoid selectively contracting around these requirements)
- **Also applies to self-pay patients and out-of-network payers.**
- **Patient protection**: No individual (with health coverage or self-pay) shall be liable for any amounts in excess of the site neutral rate, including cost-sharing
- **Standardized billing format**: Requires all bills for applicable services to be billed on professional claim form (CMS-1500), not institutional claim form (UB-04 or CMS-1450)
- **Prohibits both institutional and professional claims to be charged for same service**



# Requirements for Provider-Payer Contracts

- **Defines “health care contract”** as any contract between a health care provider and a health insurance carrier, third party administrator, a plan sponsor or its contractors or agents for the delivery of health care services to an enrollee of a health benefit plan.
- **Health care contract restrictions:** Prohibits health care contracts from containing provisions to pay amounts in excess of the site neutral rate for applicable services
- **Restrictions on “health insurance carriers”:** prohibits health insurance carriers for entering into health care contracts or paying amounts > site-neutral rates



# Reporting and Enforcement

- **Publish annual report:** based on publicly available data (hospital price transparency, transparency in coverage, APCD) analyzing trends in prices and spending by site-of-service.
- **Public website:** listing average prices paid, average percentage of Medicare non-hospital rates, by service, provider, contract. Identify providers whose prices exceeded the site-neutral rate for applicable services.
- **Reporting by insurance carriers:** on amounts agreed to and paid for applicable services, by site-of-service and contract. Public posting.
- **Enforcement:**
  - Administrative penalties per claim, audit and investigation authority
  - Insurance commissioner authority to impose penalties on carriers
  - Reference to State AG for enforcement under consumer protection authority
  - Violations are enforceable under state unfair trade practices laws, including private cause of action and remedies