

## Medicare reimbursement disparity between freestanding and hospital-based radiation oncology practices for commonly treated cancers

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### Abstract

**Purpose:** The Centers for Medicare and Medicaid Services (CMS) has finalized a reduction of approximately 2% for radiation oncology reimbursements as part of the Medicare Physician Fee Schedule (MPFS) Final Rule, effective January 1, 2024. This potentially exacerbates reimbursement disparity between freestanding and hospital-based radiation oncology practices. The present study seeks to determine the magnitude of this disparity for commonly treated malignancies.

**Methodology:** Using the January 2023 CMS data, freestanding non-facility (not affiliated with a hospital) and facility-based reimbursements are compared for localized prostate cancer, breast cancer, and lung cancer.

To ensure that reimbursement rates are representative of the entire United States, we used the national case rate for the Hospital Outpatient Prospective Payment System (HOPPS) and the MPFS rates calculated with geographic practice cost indexes (GPCIs) of 1.0 for each component (i. e. physician work relative value units (RVUs), practice expense RVUs, and malpractice premium RVUs).

**Results:** Reimbursement markedly favors hospital-outpatient departments over freestanding centers. A single fraction of intensity modulated radiotherapy would reimburse \$364.97 in the freestanding setting, and \$572.47 in the hospital-outpatient setting; a difference of over 56%. Similarly, each fraction of stereotactic body radiation therapy delivered reimburses \$1018.99 in a freestanding center and \$1767.45 in a hospital outpatient center, which is 73% more. While some of the reimbursement differences are accounted for in different charges allowed in either setting (i.e. bundling rules), a dramatic difference remains. Data will be presented based on reimbursement for commonly prescribed radiation regimens.

**Conclusions:** Substantial inequity exists in the current structure of government-controlled reimbursement for radiation oncology services depending on site of service. Freestanding centers are negatively impacted by such differences and the present study may emphasize the need for site neutrality in payment systems. If such reimbursement disparity remains, future studies will need to determine the resulting impact on practice consolidation and access to care, especially in rural locations.