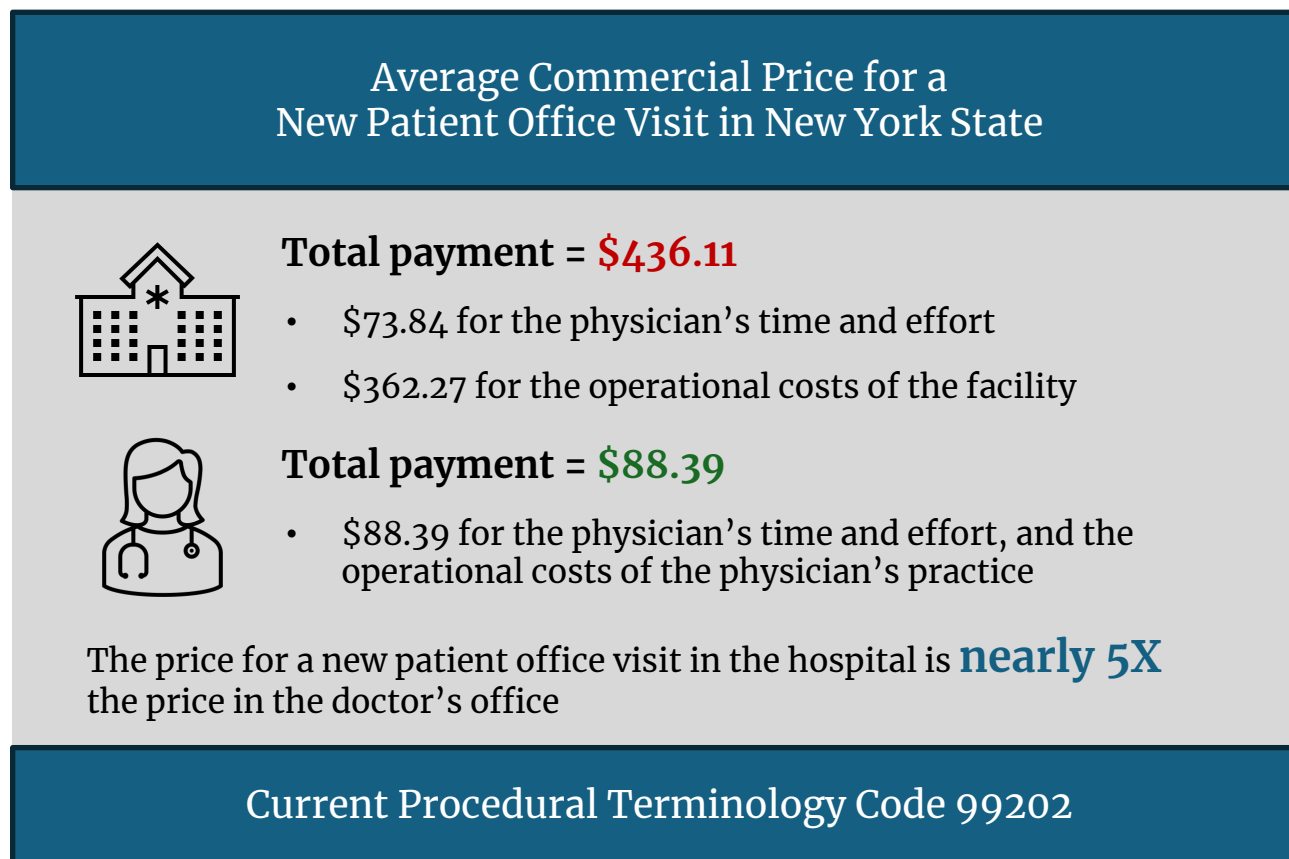


New York State Fair Pricing Act: Findings from Impact Analysis

Roslyn C Murray, PhD, MPP

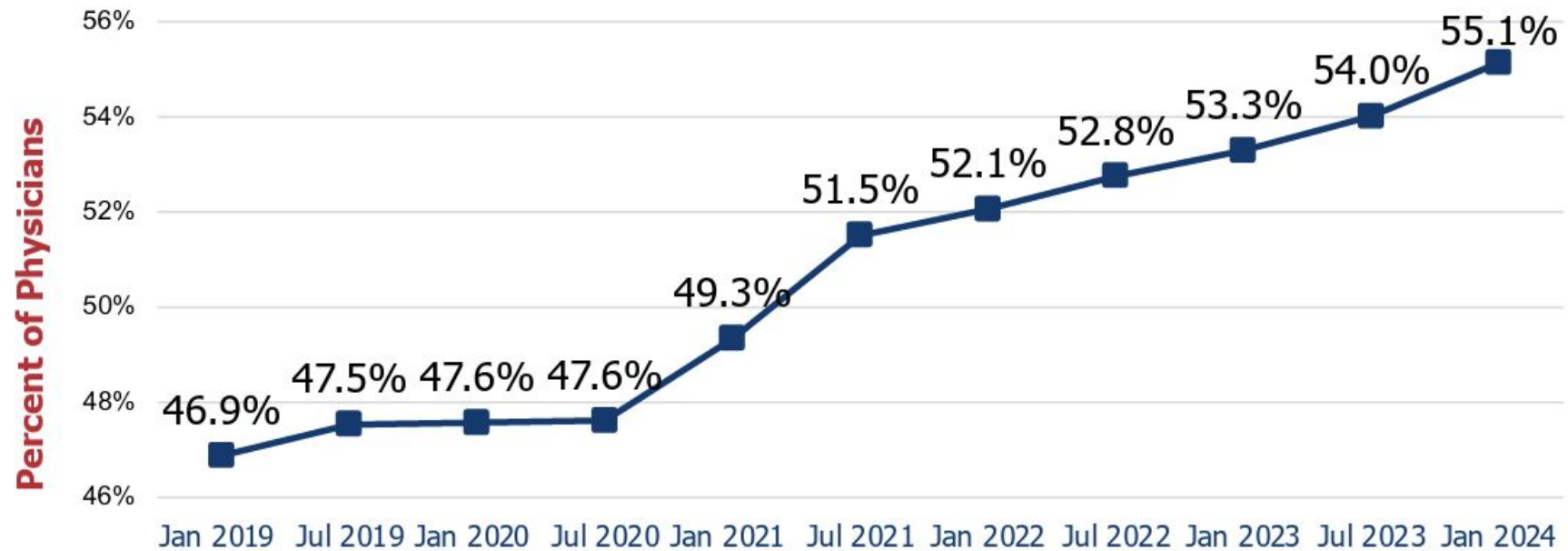
Legislative Briefing
February 11, 2025

Medicare and commercial plans have long paid higher rates for services delivered in hospitals than those delivered in doctors' offices



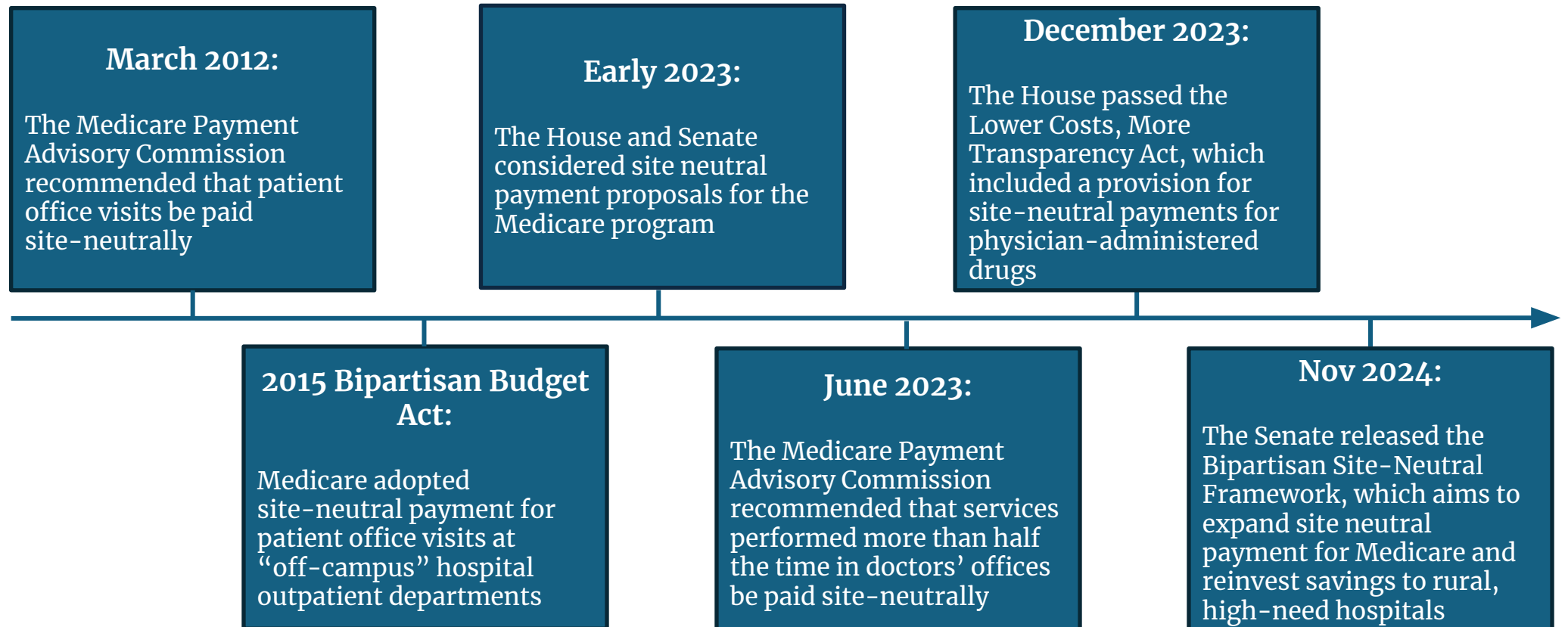
These site-of-care differentials drive vertical integration, which increases prices

PERCENT OF U.S. PHYSICIANS EMPLOYED BY HOSPITALS/HEALTH SYSTEMS IN 2019-23

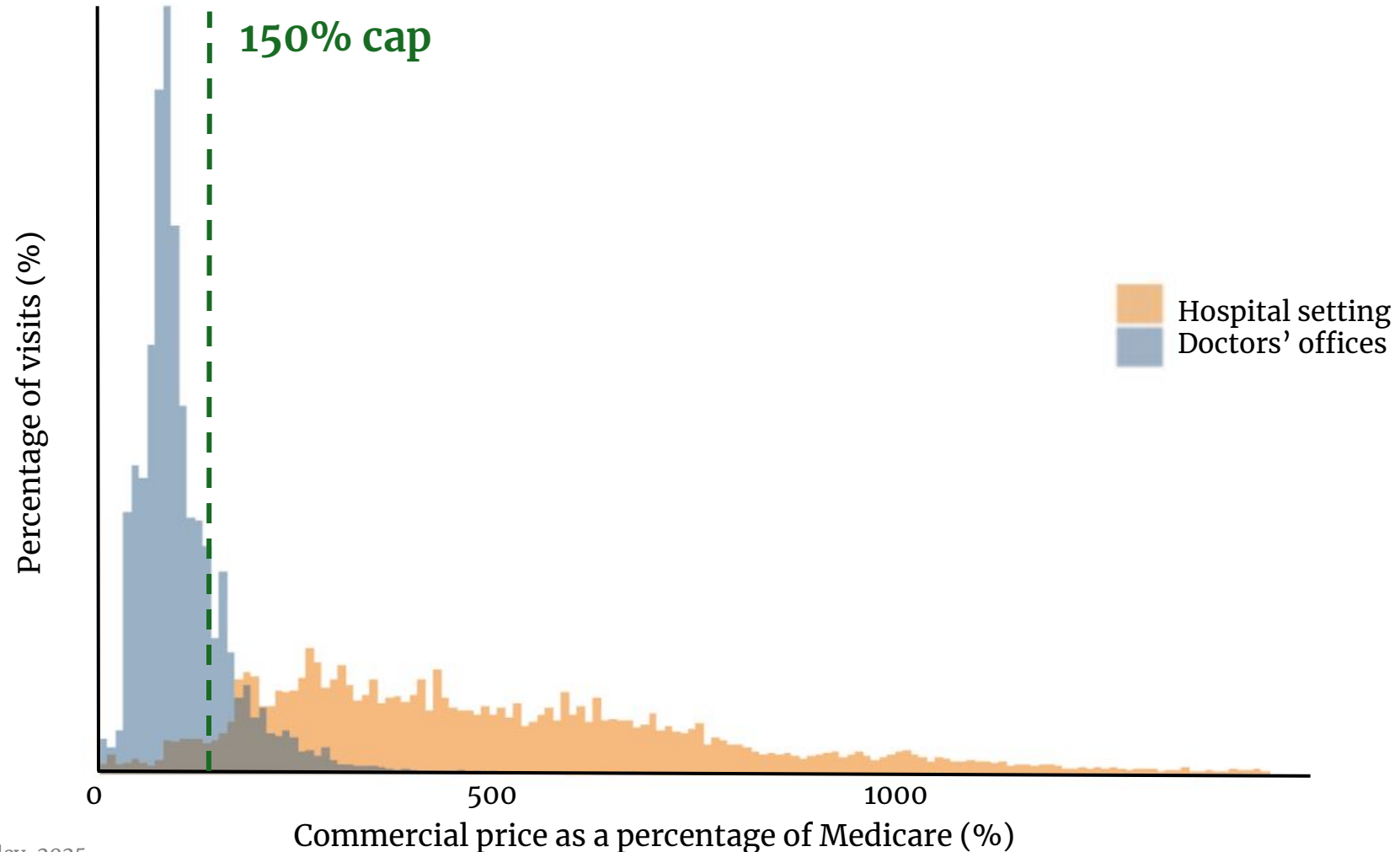


Source: Avalere Health, 2024

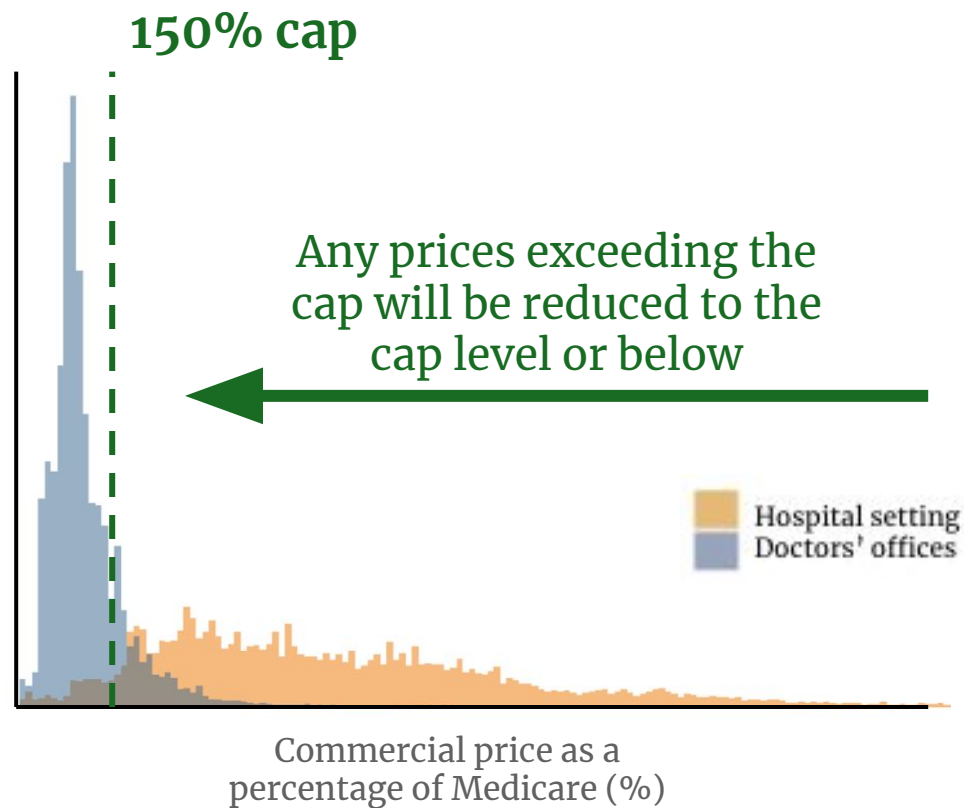
Site neutral payment policies have focused on reducing unnecessary differences in Medicare payments based on where the service is performed



This legislative session, New York introduced first-of-its-kind site neutral legislation for the commercial market:
The Fair Pricing Act (S705/A2140)



Price caps, referencing Medicare payments, have been a prominent state policy approach to target outlier prices



Source: Murray, Janjua, & Whaley, 2025

1) Price caps vs. averages:

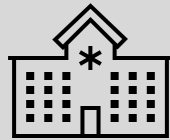
Caps focus on curbing the highest, most egregious prices while allowing insurers and providers to negotiate for prices below the cap

2) Referencing Medicare vs. commercial rates:

Medicare rates reflect the underlying costs of care and do not incorporate the bargaining leverage of insurers and providers, making them an impartial benchmark

On average, Medicare pays just \$80.80 for new patient office visits in doctors' offices in New York

Average Commercial Price for a New Patient Office Visit in New York State



Total payment = \$436.11

- \$73.84 for the physician's time and effort
- \$362.27 for the operational costs of the facility



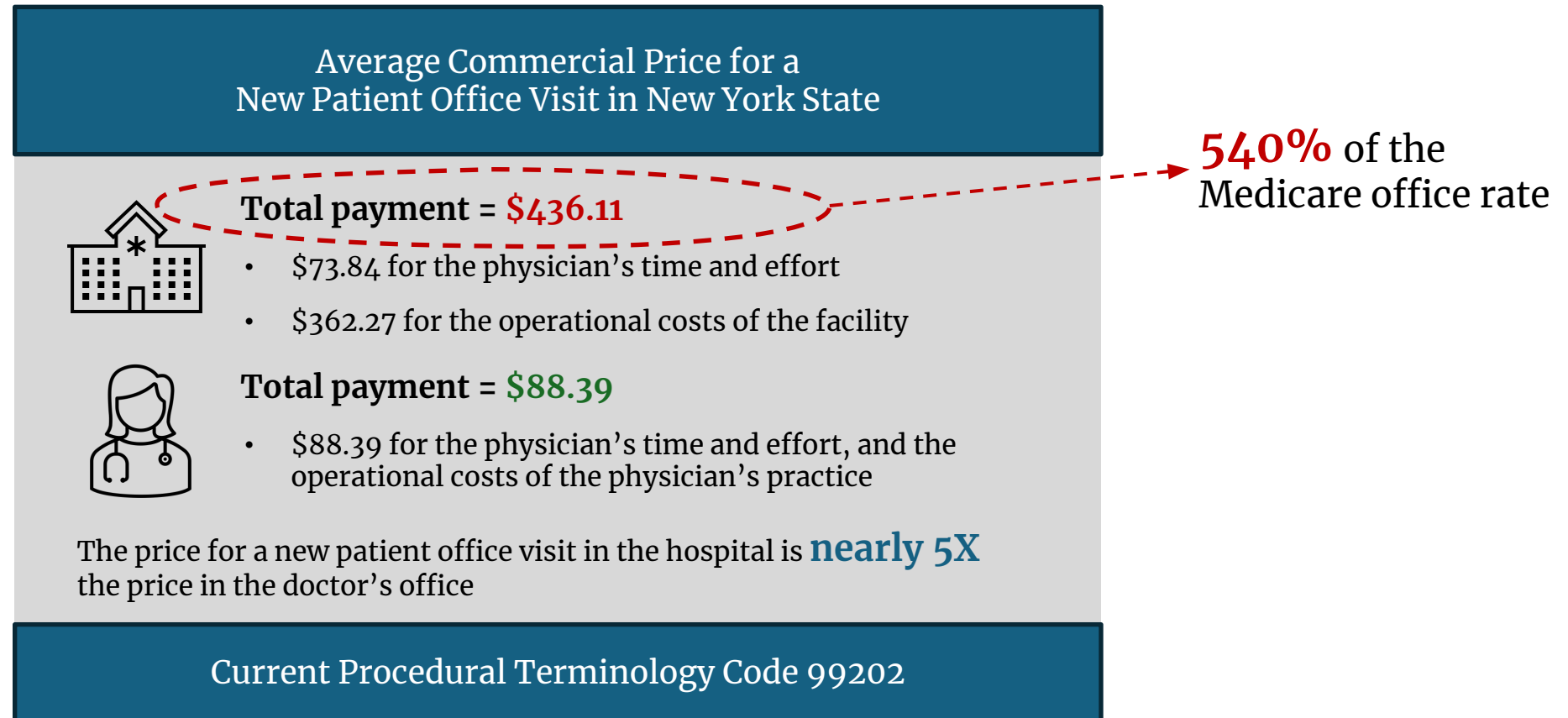
Total payment = \$88.39

- \$88.39 for the physician's time and effort, and the operational costs of the physician's practice

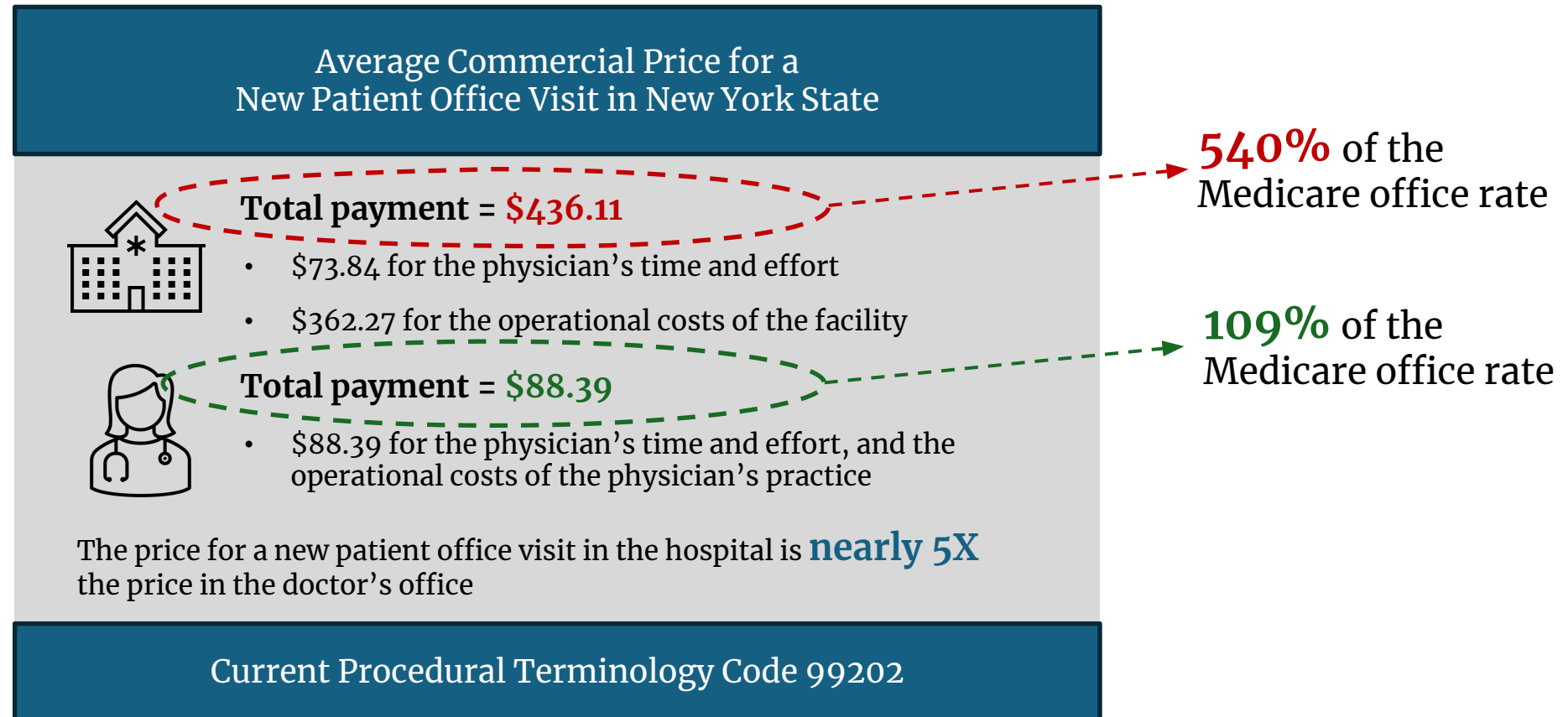
The price for a new patient office visit in the hospital is **nearly 5X** the price in the doctor's office

Current Procedural Terminology Code 99202

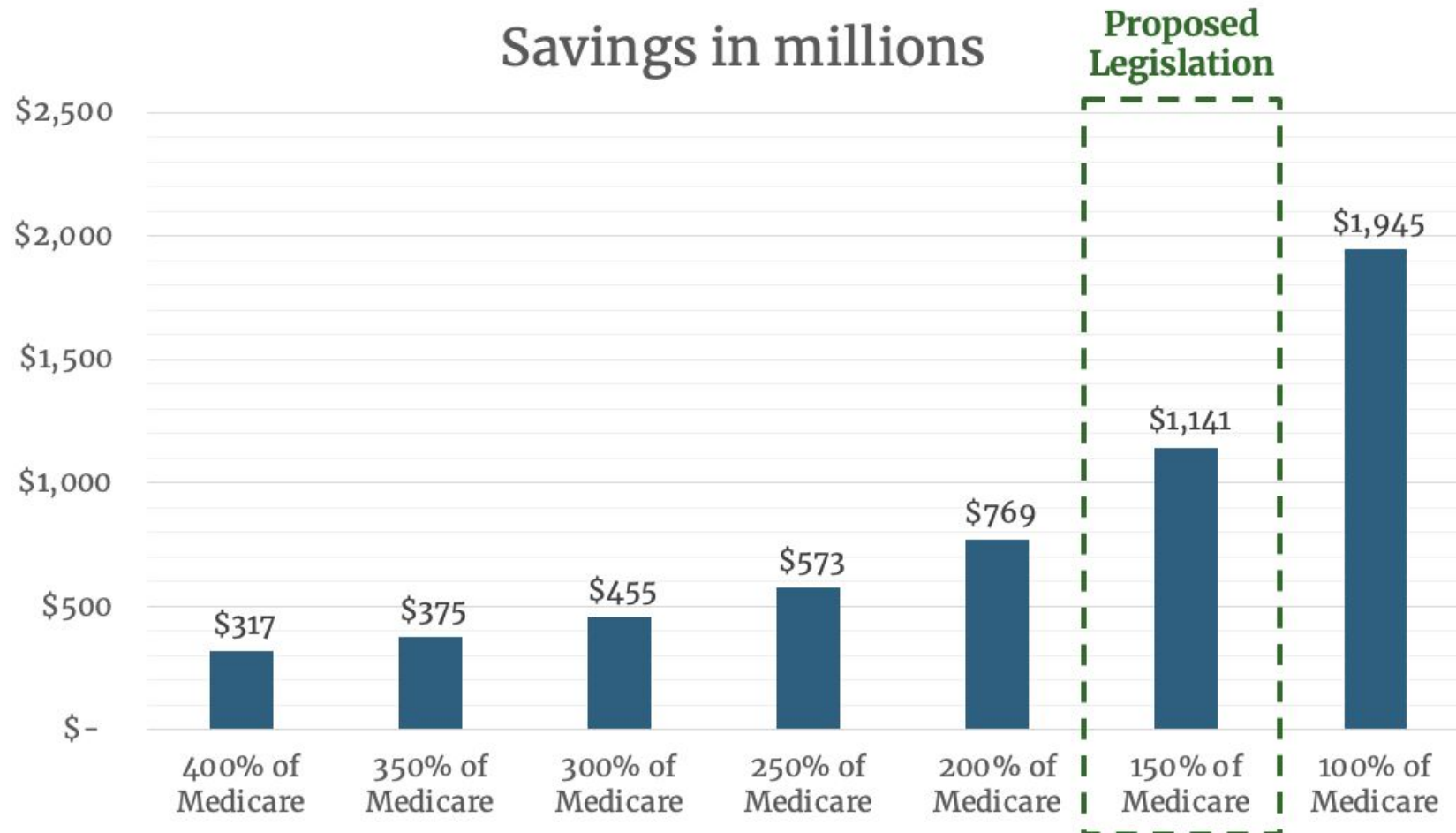
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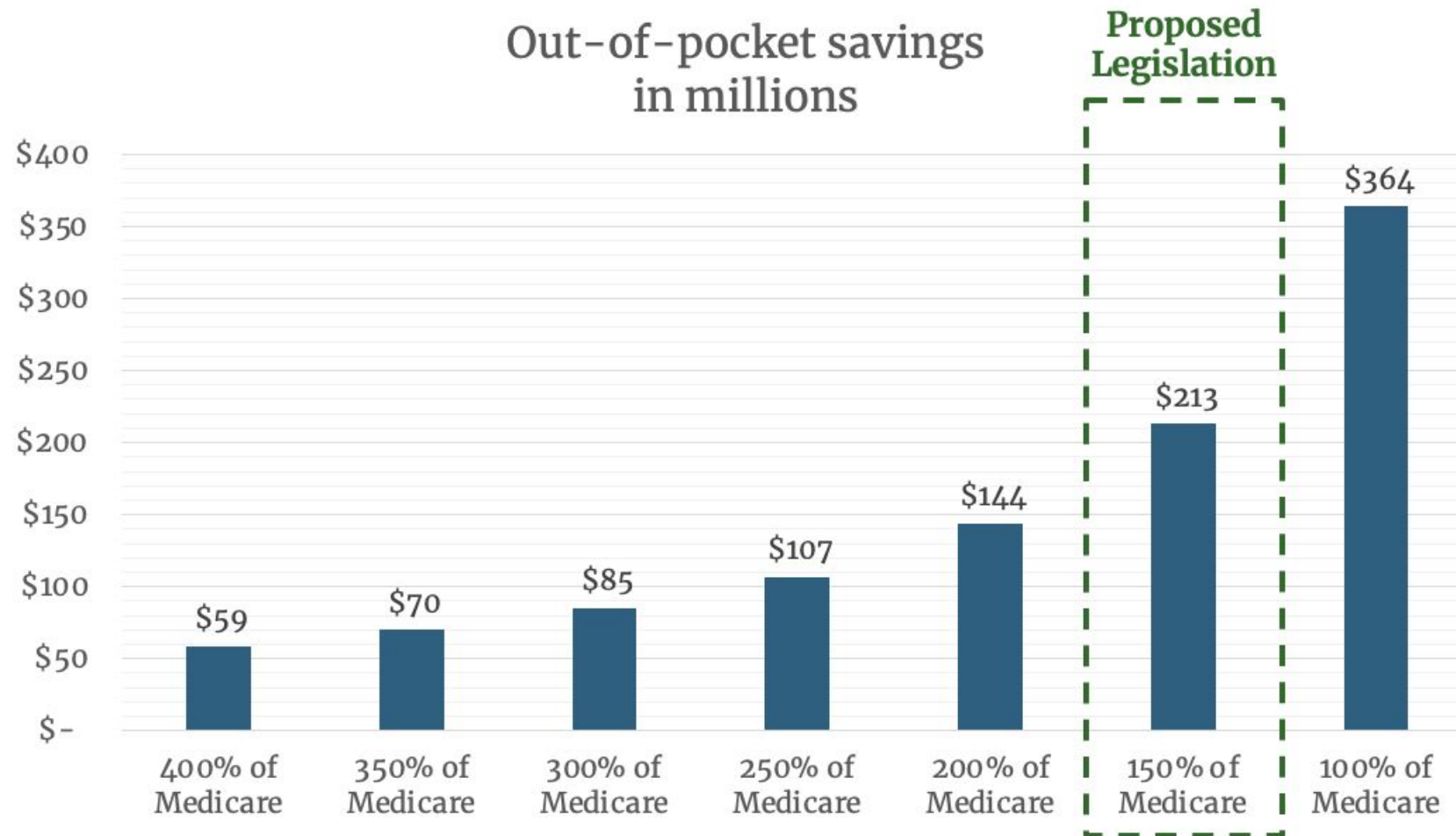


The Fair Pricing Act, if applied to all settings and facilities in New York, could save New Yorkers **\$1.14 billion annually**

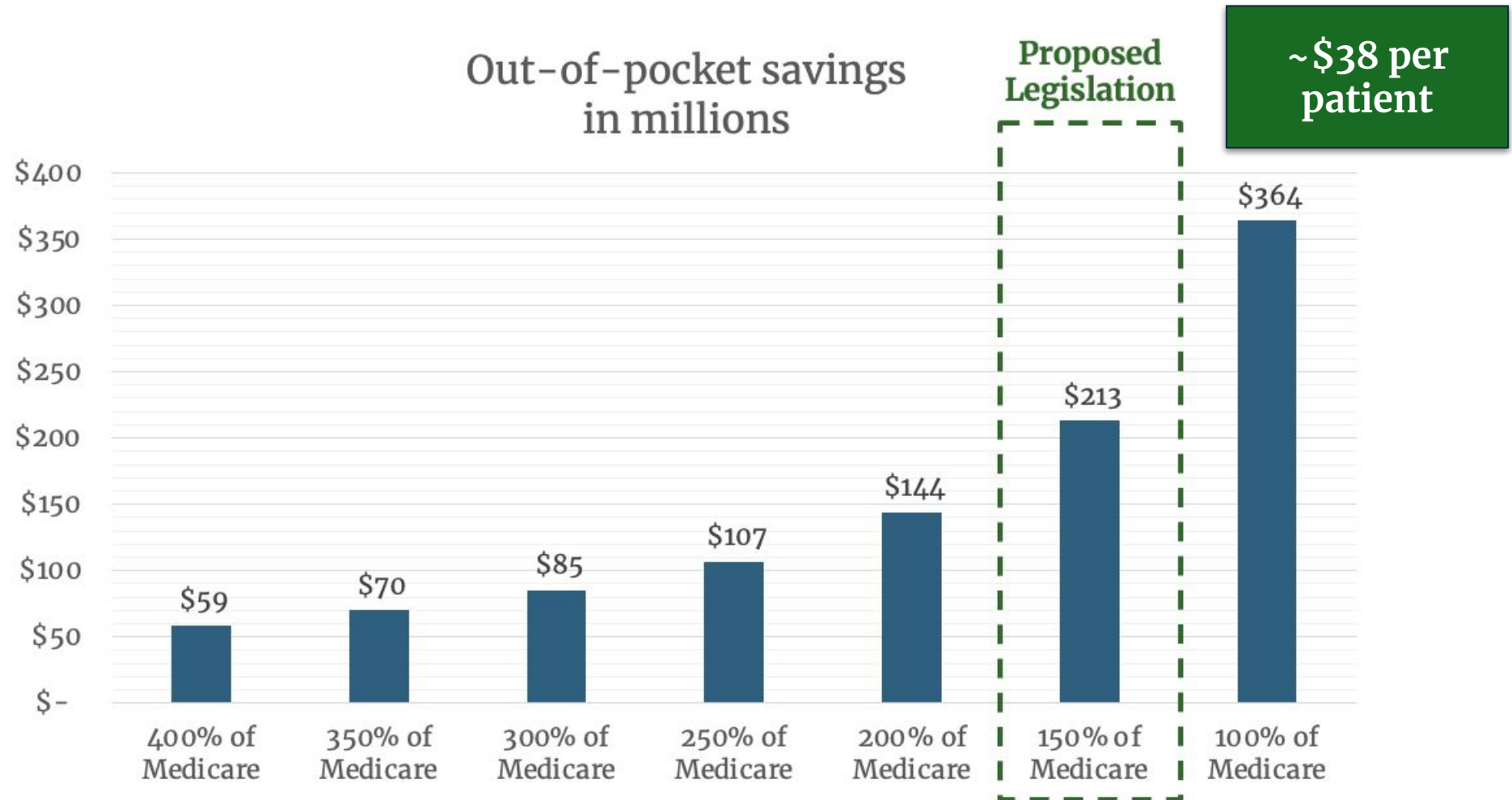


Source: Murray, Janjua, & Whaley, 2025

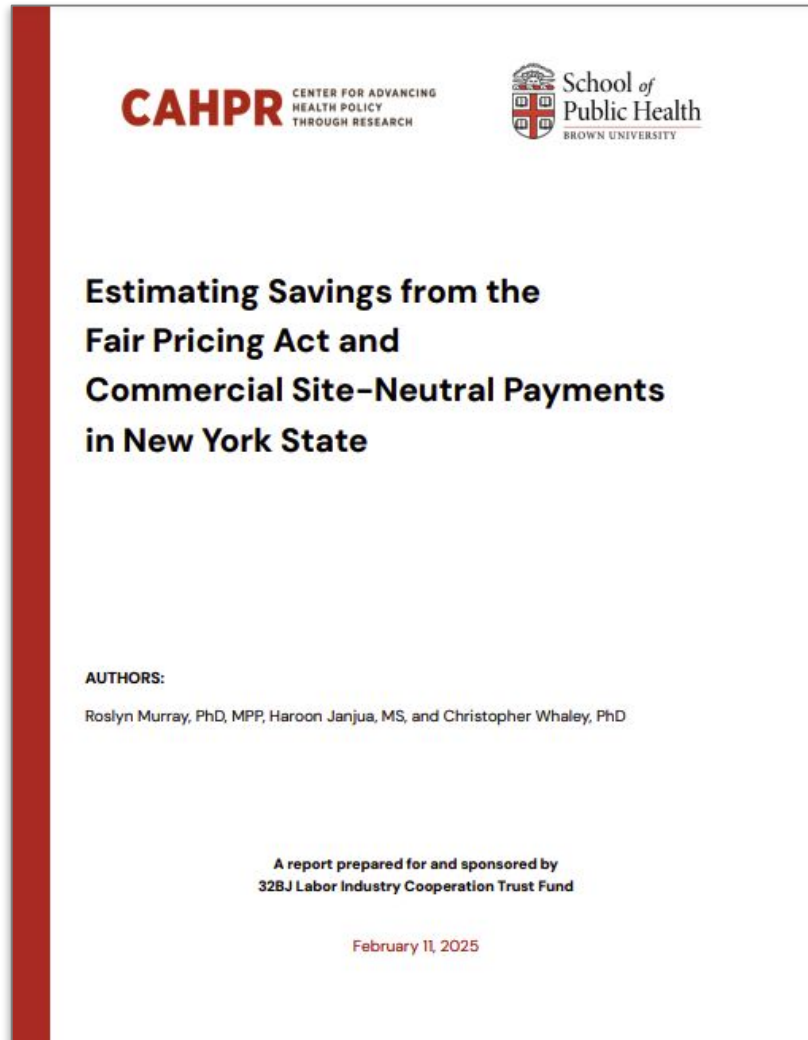
Under the Fair Pricing Act, patients could save up to \$213 million in out-of-pocket expenses for routine services



Under the Fair Pricing Act, patients could save up to \$213 million in out-of-pocket expenses for routine services



Summary



- Prices for routine services are much higher in hospital settings.
- The Fair Pricing Act could save New Yorkers **\$1.14 billion annually**.
- Patients could save up to **\$213 million** in out-of-pocket expenses.
- Even with higher caps (200%–400% of Medicare), significant savings could still be achieved.

References

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