Blue Cross Blue Shield of Rhode Island

500 Exchange Street, Providence, RI 02903-2699
(401) 459-1000 www.BCBSRI.com

April 8, 2026

The Honorable Susan Donovan, Chair
House Committee on Health and Human Services
HouseHealthandHumanServices@rilegislature.gov

RE: House Bill 7937; Relating to Health & Safety – Preventing Unwarranted Facility Fees

Dear Chair Donovan and Members of the House Committee on Health & Human Services:

Blue Cross & Blue Shield of Rhode Island (Blue Cross) strongly supports this legislation to provide greater transparency and integrity in provider billing practice by requiring each provider to have a unique National Provider Identifier (NPI) for each facility providing medical services.

In a March 2026 article in Health Affairs Forefront, the authors noted:

For years, hospitals have been able to bill for services delivered at affiliated but geographically separate outpatient locations using the same NPI as their main campus. This practice has allowed them to receive higher "facility-based" reimbursement, even when the services are provided in lower-cost settings.[1] Blue Cross fully understands that hospitals have higher overhead than freestanding facilities, including 24-hour operations, state-of-the-art equipment and technology resources as well as research and medical education initiatives. Those facilities should be appropriately compensated for these costs. However, a hospital group should not receive higher "facility fee" payments when the service is not provided at the main hospital campus. Notably, this legislation is modeled after federal legislation. Congress recently enacted a statute that requires a unique NPI for each facility providing medical services to Medicare patients. By no later than January 1, 2028, health care providers will need to bill Medicare using these distinct identification numbers for each facility in their network. This requirement is a crucial first step in empowering payors to appropriately compensate providers when services are provided in off-campus, freestanding facilities.

HB 7937 would enable the same billing transparency and protection for Rhode Islanders covered by commercial insurance plans as Medicare patients will have.

Additionally, Brown University School of Public Health's Center for Advancing Health Policy issued a policy brief that found:

> Research has found that there are significant payment differentials at sites of care. Medicare pays hospital departments an average of 125% more than the physicians' offices for evaluation and management visits and other commonly delivered health services. Cardiac imaging, when delivered in an outpatient setting, costs $2,078 vs. $655 when delivered in physician offices, and colonoscopy costs $1,383 vs. $625 when delivered in a non-hospital setting vs. an ambulatory surgical setting.[2]

[1] A Crucial Step Toward Site-Neutral Payment: National Provider Identifier Reform, Health Affairs Forefront, March 25, 2026, Perkins, Murray, Whaley & Fuse Brown.

[2] Addressing Site-of-Care Payment Differentials in the U.S. Health Care System, Brown University School of Public Health, Center for Advancing Health Policy, by Whaley, Paul & Perkins.

This legislation is critical to adequately respond to healthcare provider consolidation that is taking place in Rhode Island. As hospital systems continue to build, acquire or affiliate with off-campus providers—including primary care, urgent care and various specialties like cardiology, dermatology, endocrinology, gastroenterology— the frequency of billing under the parent company's NPI number will only grow.

A unique NPI will enable payors to ensure billing fairness and accuracy. This legislation will also empower payors to make sure providers are appropriately compensated. If a service is provided on a hospital campus, then a higher negotiated facility fee is warranted. But when a service is performed in a 9-to-5 medical office, often miles away from the hospital site, then a facility fee is not appropriate and should not be charged. A personal experience will hopefully be illustrative of the ongoing problem this legislation would address. Several years ago, my primary care physician ordered an MRI. As a Coastal Medical member, I wanted to stay within their provider network, so I had the test scheduled at their office building on Warren Avenue in East Providence. Several years later my same doctor ordered a follow-up MRI. I went to the same building, walked through the same door and had the test done in the same machine. The only difference in the experience was the name on the door had changed from Coastal Medical to Lifespan. However, my Explanation of Benefits (EOB) indicated the test was conducted at Miriam Hospital in Providence. Just recently, I had another test done at an affiliated freestanding facility in East Greenwich, and again the EOB listed Miriam Hospital's NPI, about twenty miles from where the test was performed.

This year, the General Assembly will be considering dozens of bills that will increase health insurance premiums. Conversely, HB 7937 offers a practical and reasonable opportunity to significantly help reduce healthcare costs by ensuring payors, and the subscribers they represent, are not billed pricier facility fees when care is being delivered at affiliated, off-campus, outpatient offices. Blue Cross appreciates the Committee's consideration of this proposal and we would be available for discussions on this important piece of legislation.

Sincerely,

Shawn R. Donahue

Shawn R. Donahue, Managing Director
Government Relations