

# Ambulatory Surgical Centers

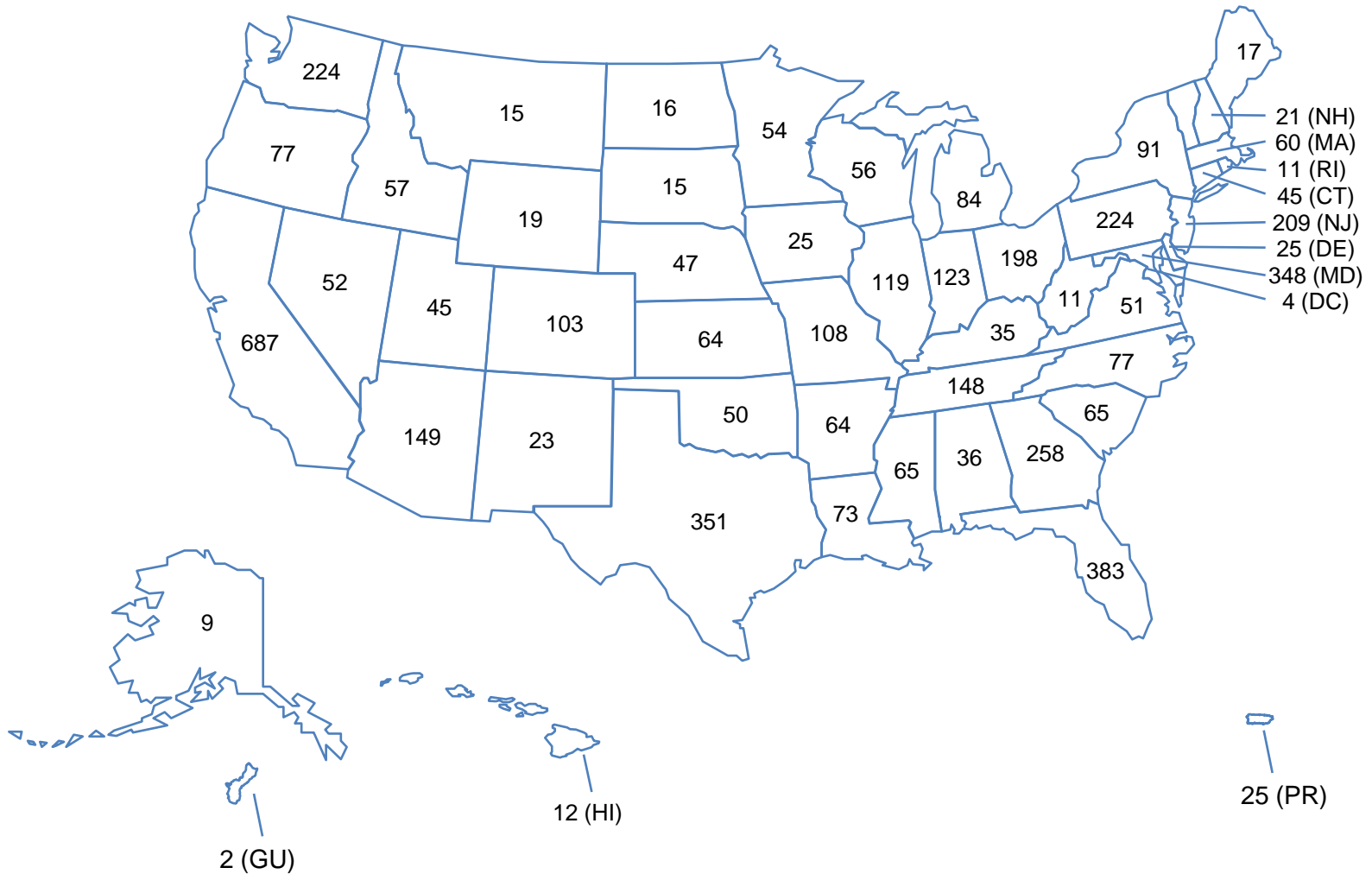
**Improving Clinical Outcomes and Lowering Cost**



# Ambulatory Surgical Centers (ASCs)

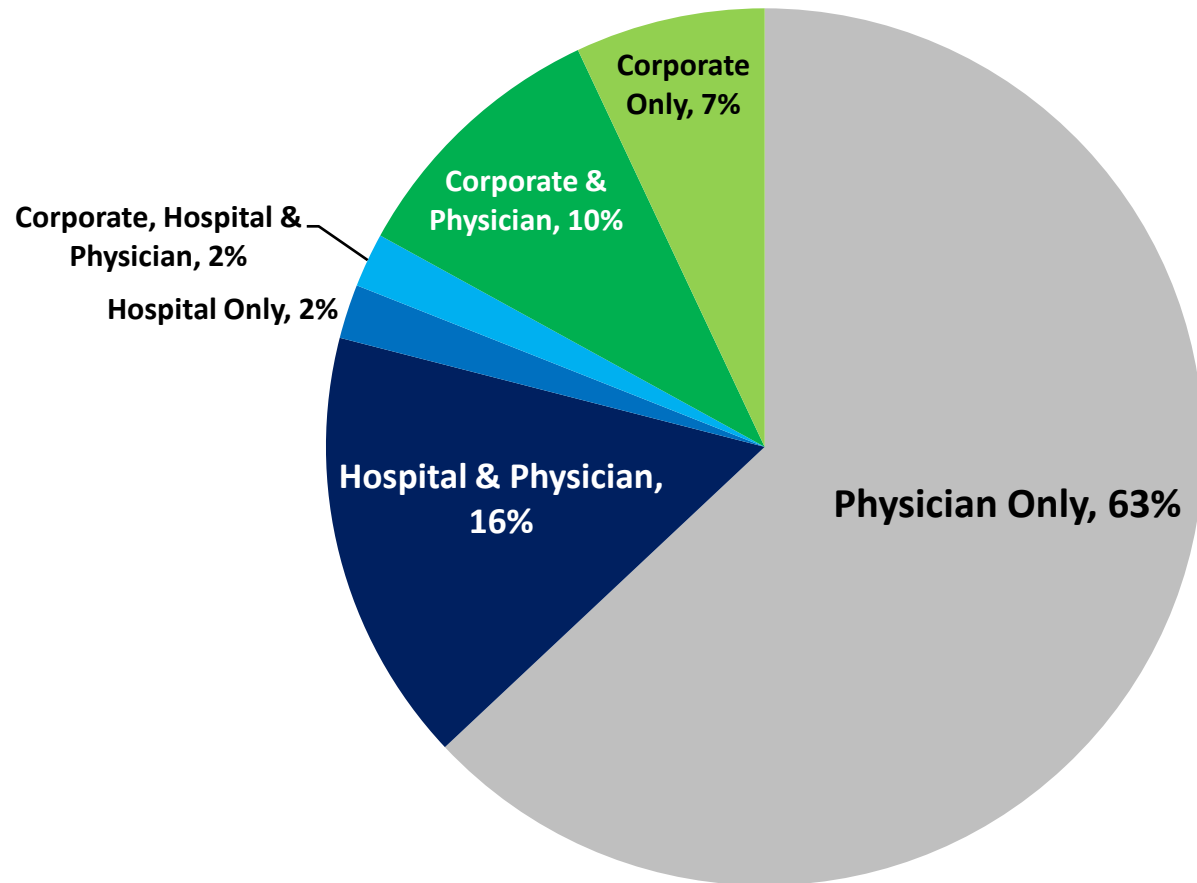
- **Integral component of U.S. healthcare delivery system**
  - 40% of outpatient surgeries performed in ASCs
  - Patient access through over 5,000 facilities in nearly every state
- **High quality care**
  - Superior patient outcomes
  - Low infection rates
  - Comprehensive regulatory standards
  - 92% patient satisfaction
- **Committed to transparency**
  - Worked with CMS to develop quality measures
  - Voluntary public reporting of outcomes data at [www.ascquality.org](http://www.ascquality.org)
- **Savings opportunity**
  - 56% savings to beneficiaries; 41% savings to Medicare
  - Shifting just 50% of outpatient procedures from hospitals to ASCs would save Medicare an additional \$2.3 billion

# 5130 ASCs Across The U.S.



# Many Hospitals Own ASCs

- Hospitals have ownership interests in over 1000 ASCs



# 56% Savings to Beneficiaries

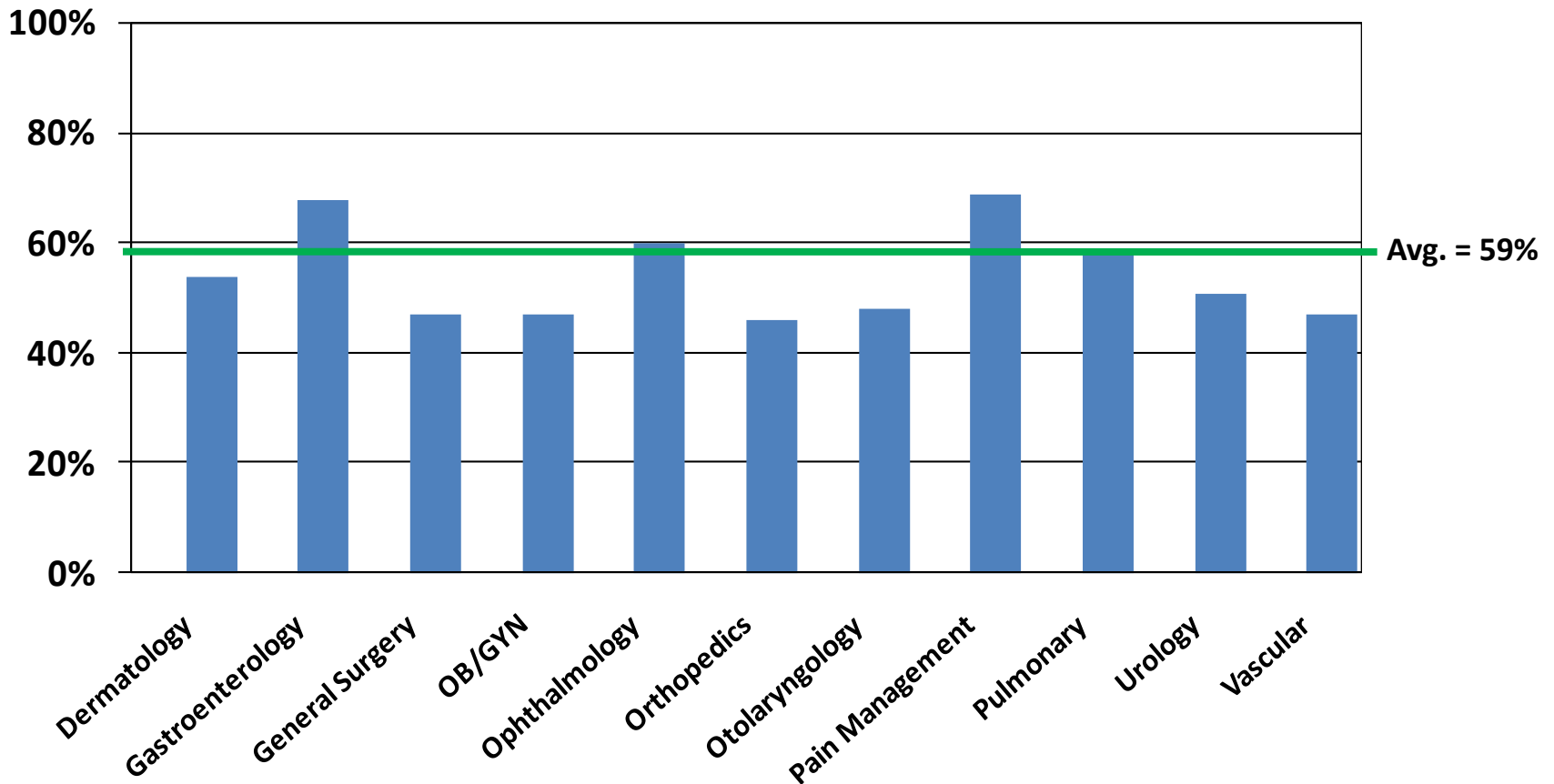
## Five Highest Volume ASC Procedures

HCPCS Code	Description	HOPD Copay	ASC Copay	% Savings at ASCs
66984	Cataract Surg w/iol, 1 Stage	\$495.96	\$192.94	61%
43239	Upper GI Endoscopy, Biopsy	\$143.38	\$78.41	45%
45378	Diagnostic Colonoscopy	\$186.06	\$79.77	57%
45380	Colonoscopy and Biopsy	\$186.06	\$79.77	57%
66821	After Cataract Laser Surgery	\$104.31	\$51.72	50%

Note: Savings based on 2009 national Medicare rates weighted by 2007 Medicare ASC case volume data for top 5 procedures. Copay amounts are national unadjusted rates.

# 41% Savings to Medicare

## 2009 ASC Rates as % of HOPD Rates



# Huge Potential Savings Still Available

- 57% of outpatient surgeries still performed in hospitals<sup>1</sup>
  - \$2.3 Billion savings to Medicare if just half of those surgeries were moved to the ASC setting<sup>2</sup>
- Reciprocally, if all ASC services were performed in hospitals, Medicare expenditures would increase by \$2.0 Billion in 2009<sup>3</sup>

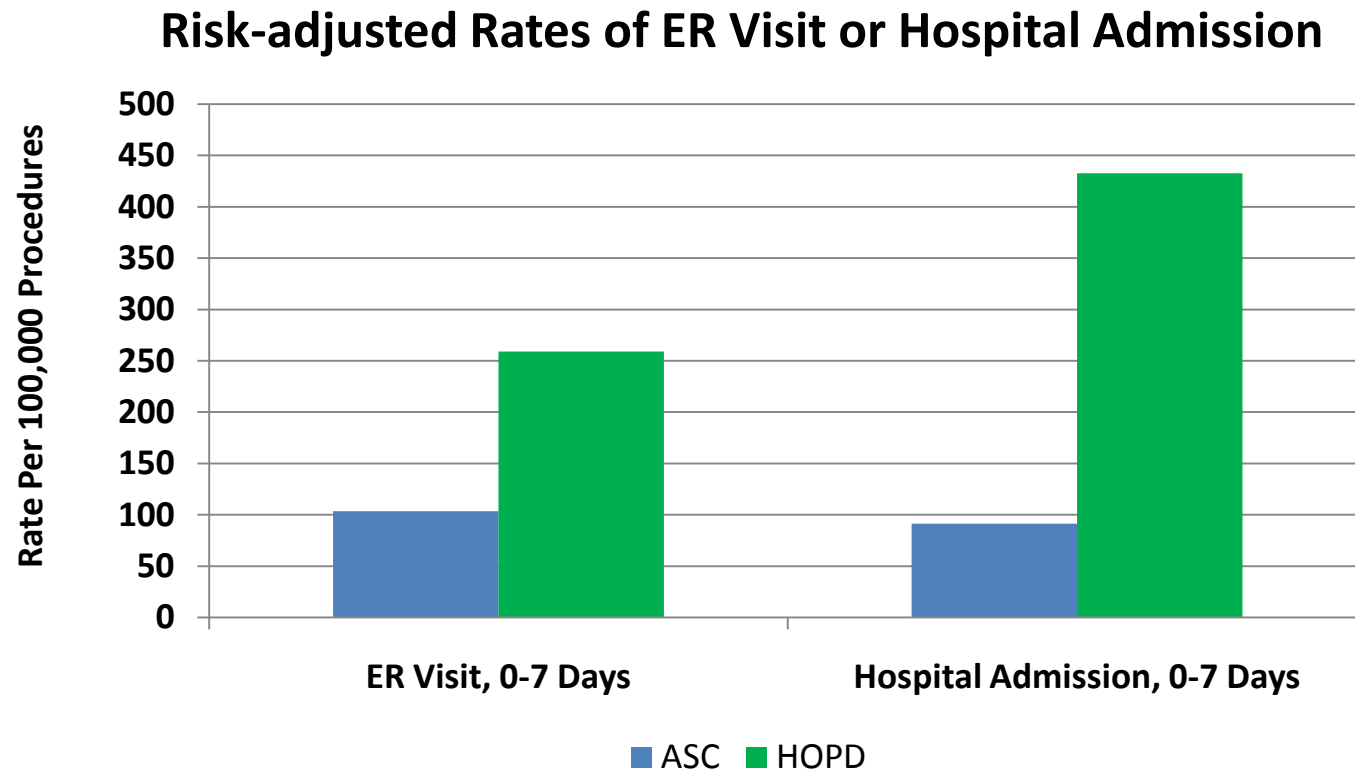
(1) Cullen KA, Hall MJ, Golosinskiy A. Ambulatory Surgery in the United States, 2006. National health statistics reports; no 11. Hyattsville, MD: National Center for Health Statistics. 2009. Only looks at surgeries performed in a facility setting.

(2) Based on 2006 Medicare HOPD case volume data and 2009 national Medicare rates.

(3) Based on 2006 Medicare ASC case volume data and 2009 national Medicare rates.

# Superior Patient Outcomes at ASCs

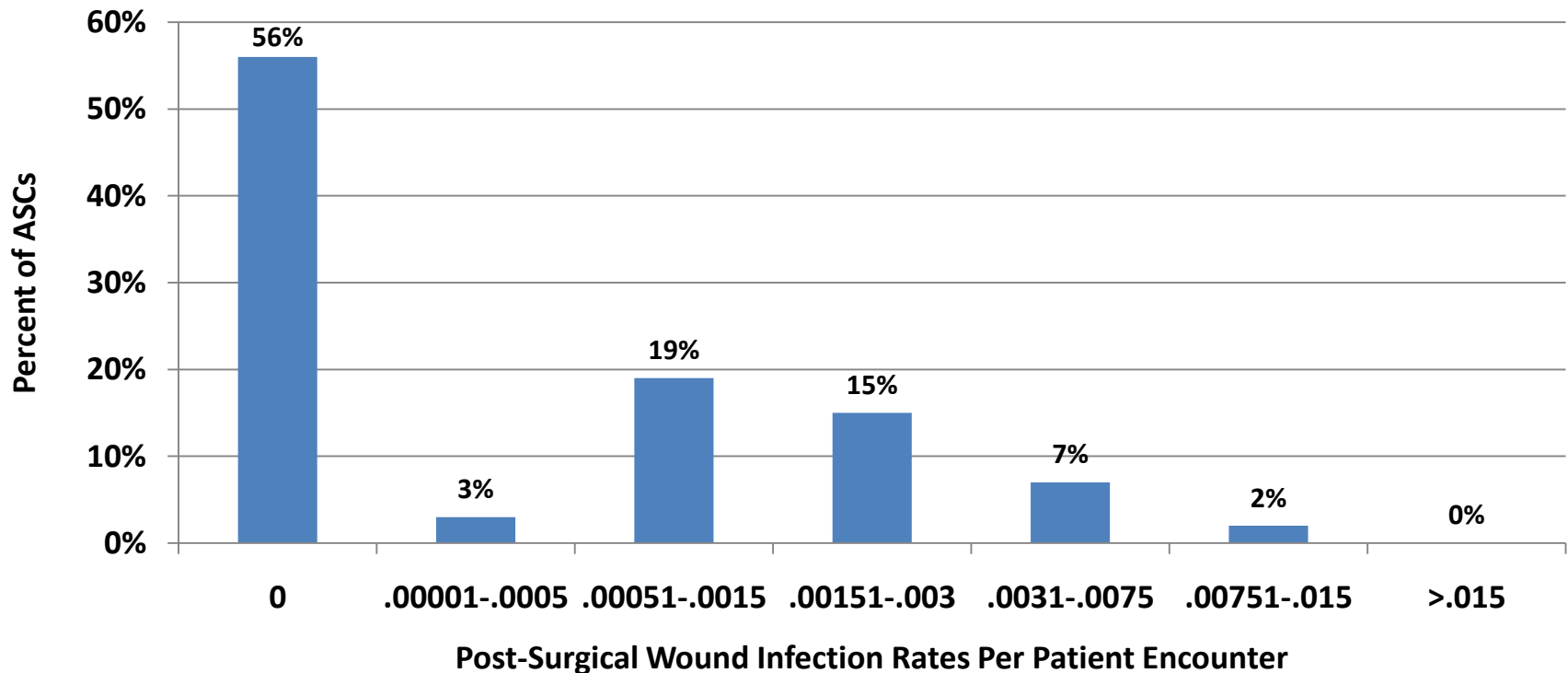
- ASC patients less likely to require unscheduled follow-up care at ER or hospital within 7 days of surgery



# Low Infection Rates in ASCs

- A recent national survey showed more than half of ASCs have infection rates of 0

## Post Surgical Wound Infection Rates Per ASC



# Comprehensive Regulatory Standards

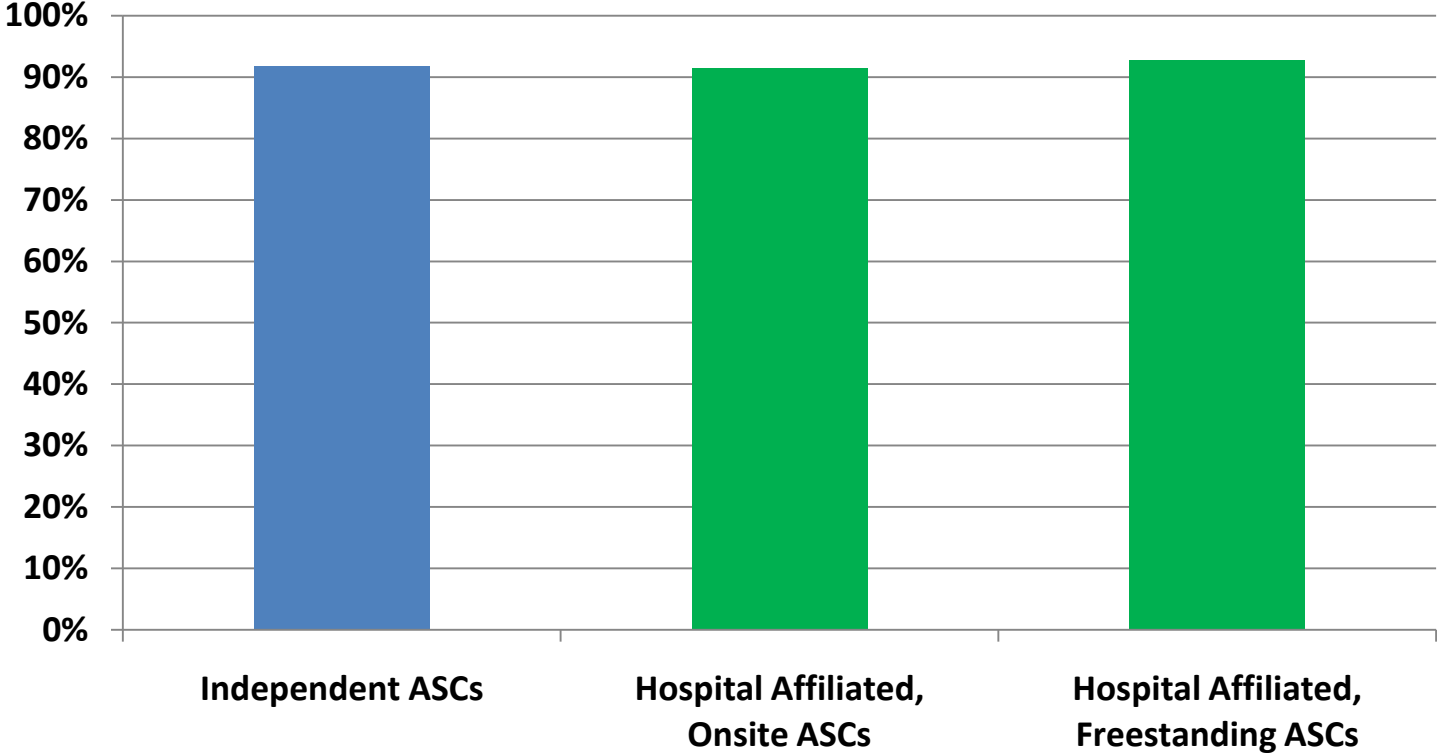
<b>Surgical services</b>	<input checked="" type="checkbox"/>
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<b>Infection control</b>	<input checked="" type="checkbox"/>
<b>Quality assessment and performance improvement</b>	<input checked="" type="checkbox"/>
<b>Medical staff</b>	<input checked="" type="checkbox"/>
<b>Nursing services</b>	<input checked="" type="checkbox"/>
<b>Physical environment</b>	<input checked="" type="checkbox"/>
<b>Patient rights</b>	<input checked="" type="checkbox"/>
<b>Radiologic services</b>	<input checked="" type="checkbox"/>
<b>Pharmaceutical services</b>	<input checked="" type="checkbox"/>
<b>Laboratory services</b>	<input checked="" type="checkbox"/>
<b>Governing body</b>	<input checked="" type="checkbox"/>
<b>Medical record services</b>	<input checked="" type="checkbox"/>

# Committed to Quality & Transparency

- Industry took initiative to obtain National Quality Forum (NQF) endorsement of facility level clinical quality measures:
  1. Hospital transfer / admission
  2. Wrong site / side / patient / procedure / implant
  3. Falls
  4. Burns
  5. IV antibiotic timing
  6. Surgical site hair removal
- Voluntary public reporting of clinical quality data in 2009 through ASC Quality Collaboration
- Seeking patient access to side-by-side comparison of ASC and HOPD quality scores on comparable measures

# 92% Patient Satisfaction

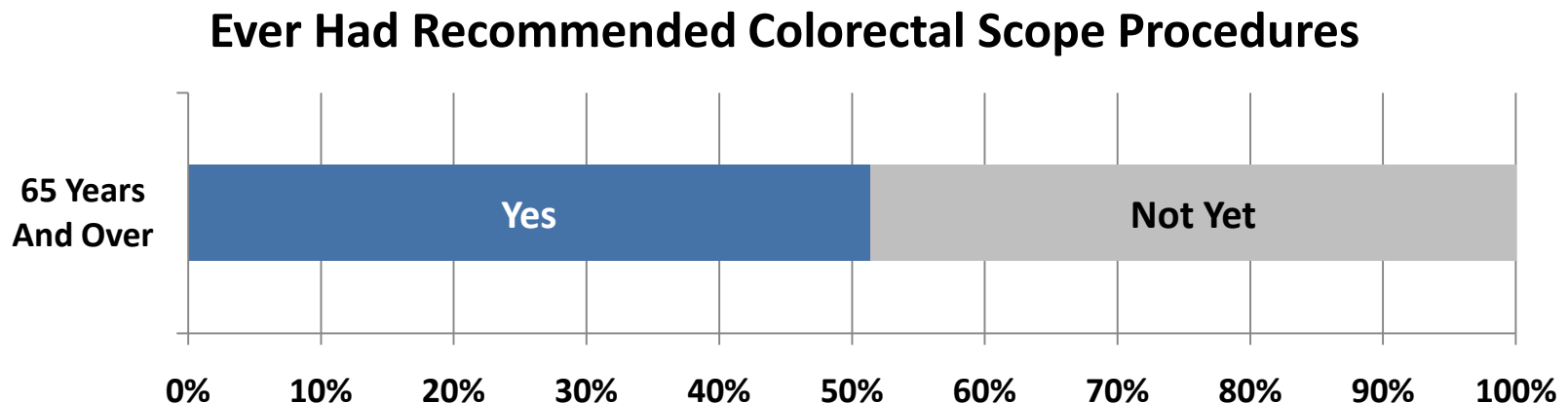
## Outpatient Surgery Satisfaction by Facility Type



Source: Press Ganey Outpatient Pulse Report 2008. Represents the experiences of 1,039,289 patients treated at 1,218 facilities nationwide between January 1 and December 31, 2007.

# ASCs Support Public Health Needs

- Increase in colonoscopies during last decade is one of very few areas where the Healthy People 2010 goal is being met
- Still, 49% of Medicare age population has yet to have the recommended colorectal scope procedures



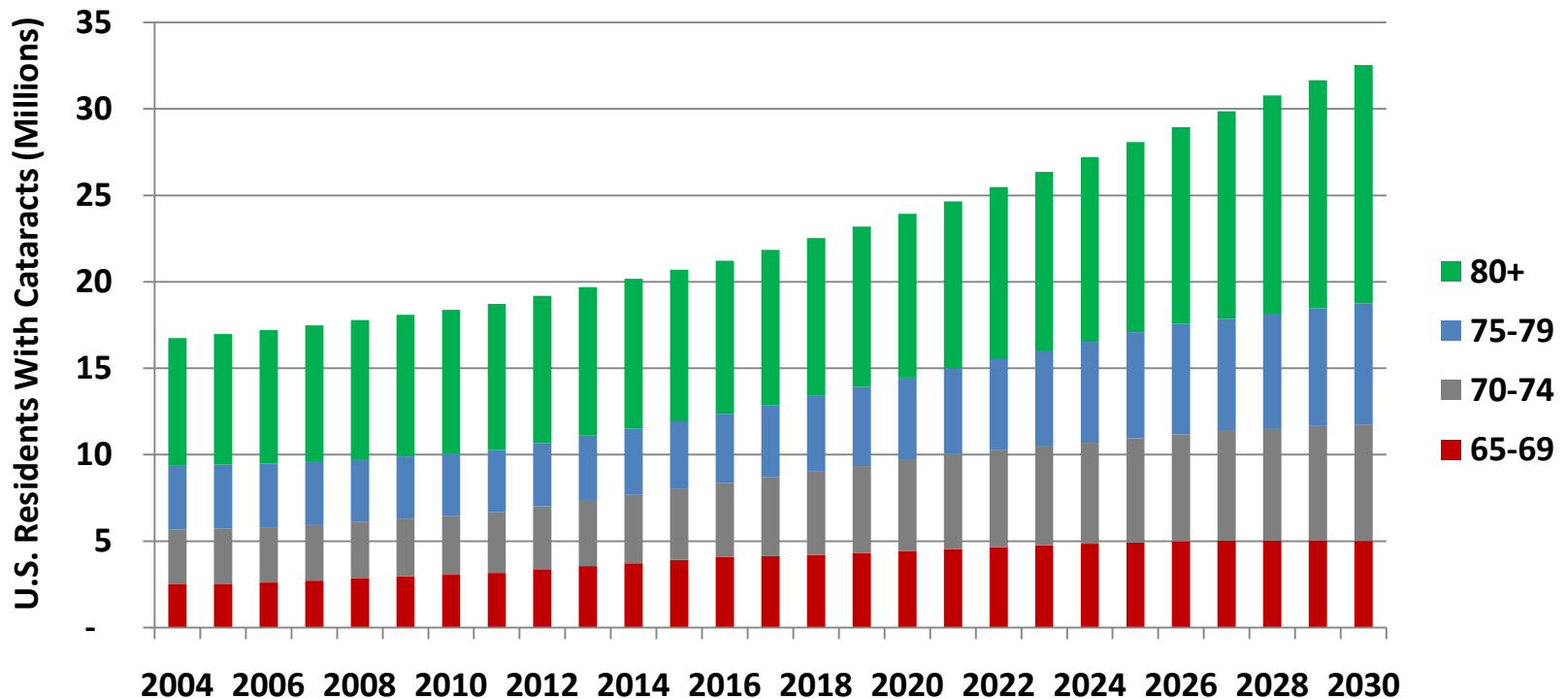
SOURCE: Centers for Disease Control and Prevention, National Center for Health Statistics, National Health Interview Survey.

Note: Healthy People 2010, started in January 2000 by the United States Department of Health and Human Services, is a nationwide health promotion and disease prevention plan to be achieved by the year 2010.

# Increasing Need for ASC Services

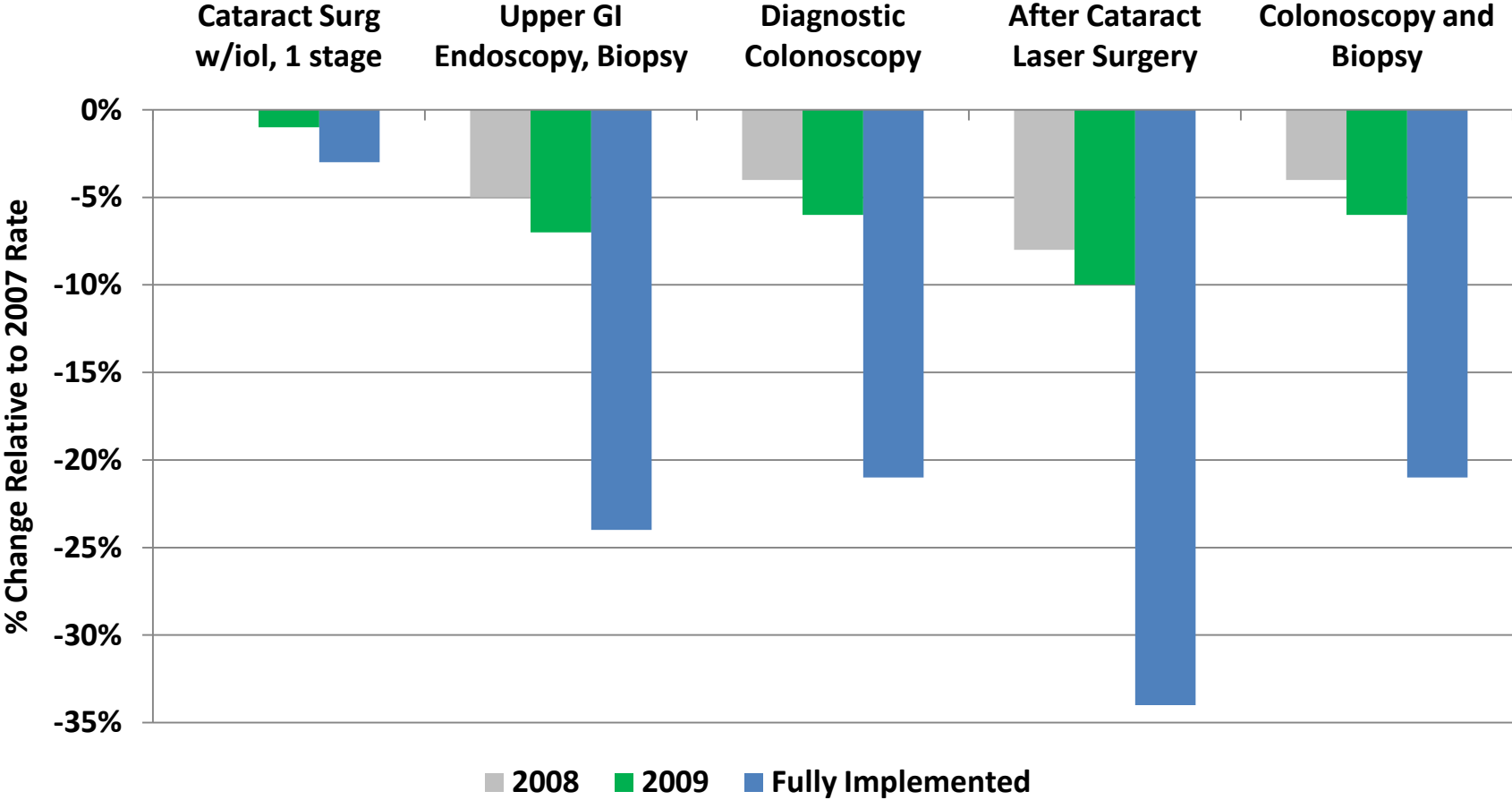
- Aging population will require increasing access to services provided by ASCs, such as cataract surgeries

## Projected U.S. Residents With Cataracts By Age Group



# Payments Decreasing in GI and Eye

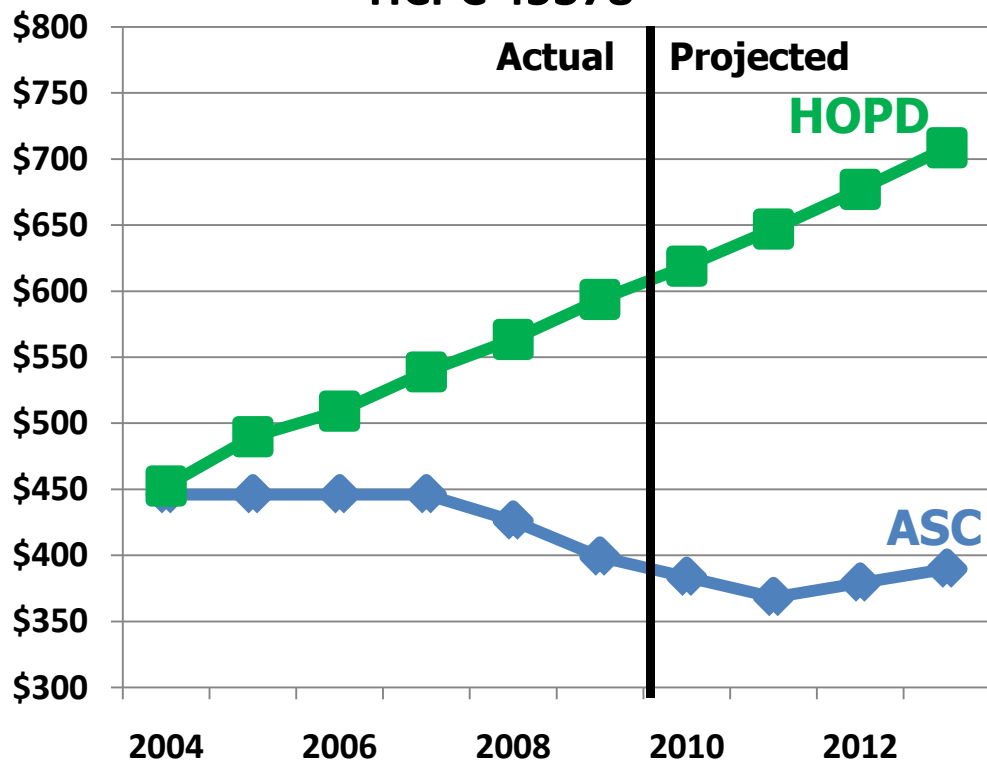
## Medicare Payment Changes, Five Highest Volume ASC Procedures



Note: Based on 2009 national Medicare rates sorted by 2007 Medicare ASC case volume data.

# HOPD Payments Are Increasing Faster

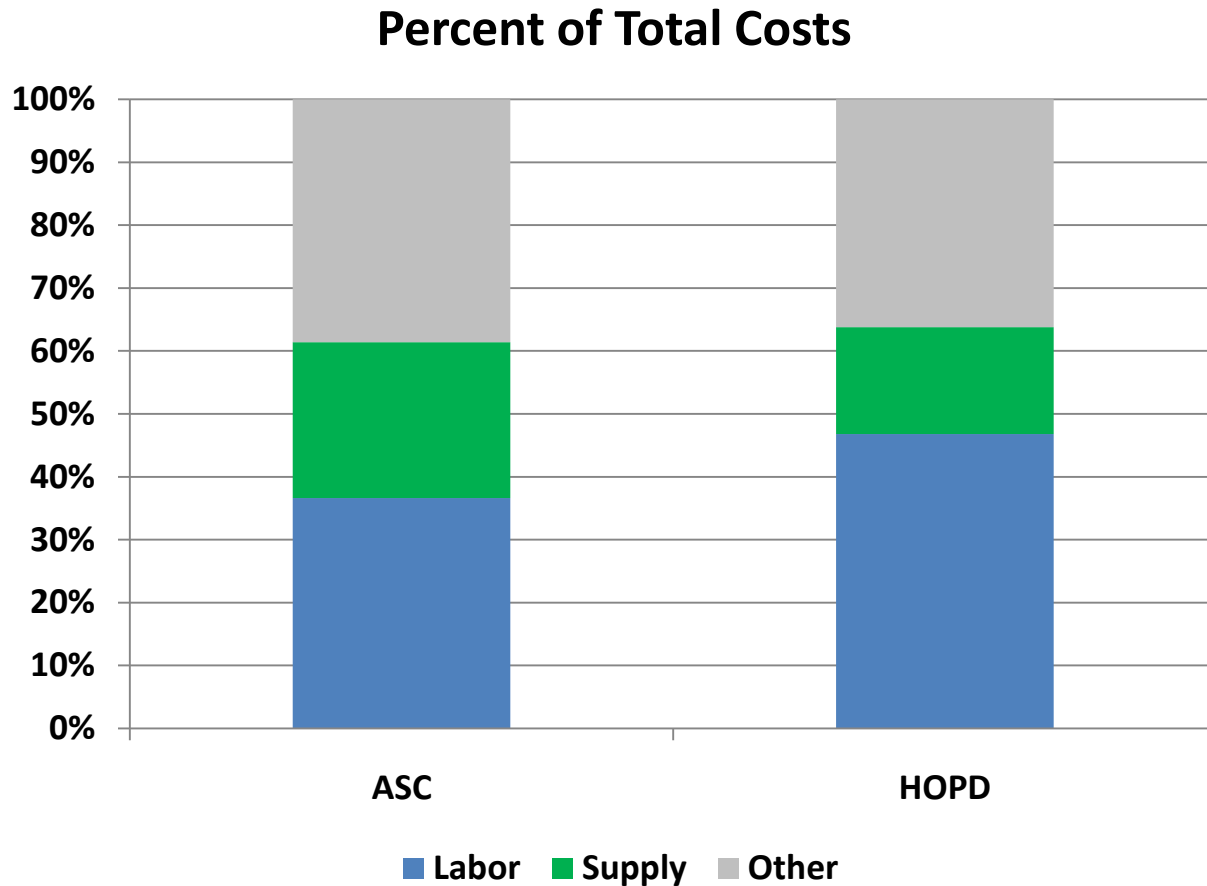
## Medicare Payment for Diagnostic Colonoscopy HCPC 45378



- Other system elements are driving further gaps between ASC and HOPD payments over time
  - 6 year payment freeze
  - Two different inflation factors
  - Two different wage indices
  - Application of secondary weighting factor

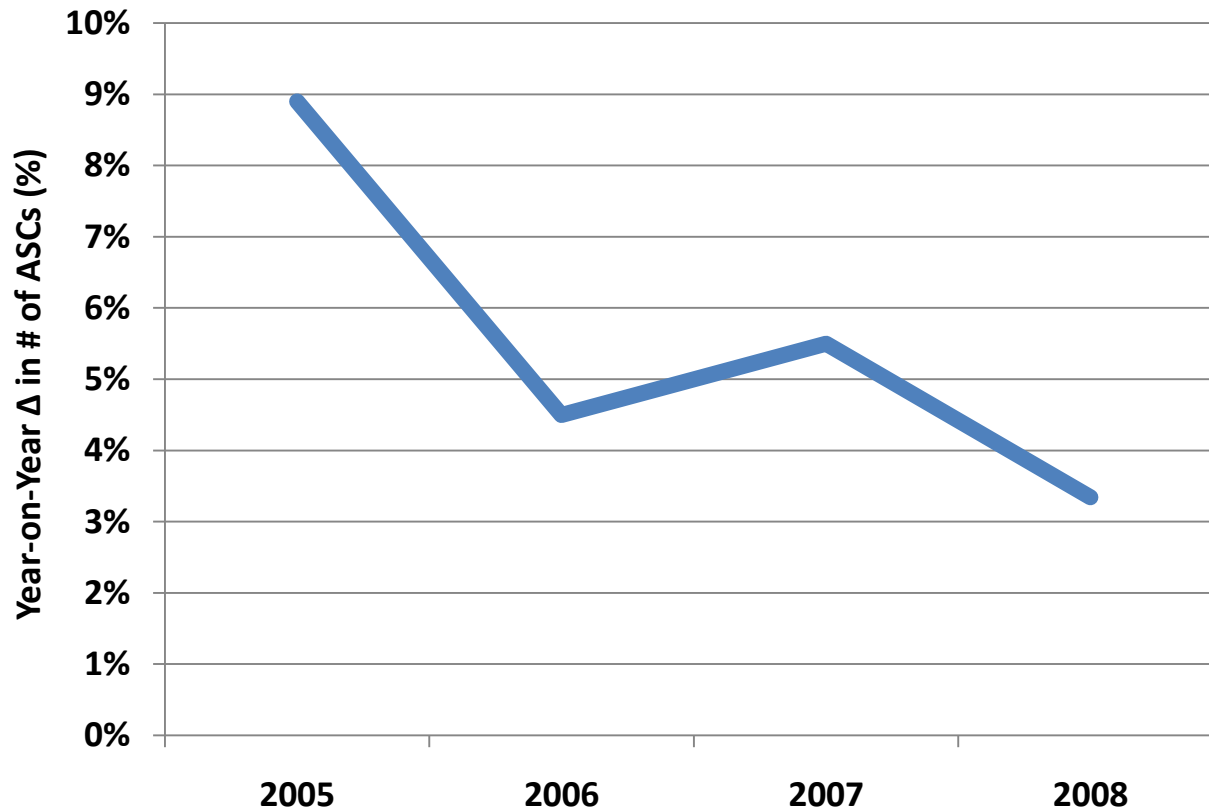
Sources: Historical ASC and OPSS rate info from CMS. OPSS projections based on the historical OPSS relative weight for HCPC 45378 and inflated using CBO's projected market basket increases for 2010-2013. ASC projected rates apply CBO's projection of the CPI-U based on application of CMS' estimated scaling factor from fully implemented payment rates for 2009.

# Same Inflation Drivers As Hospitals



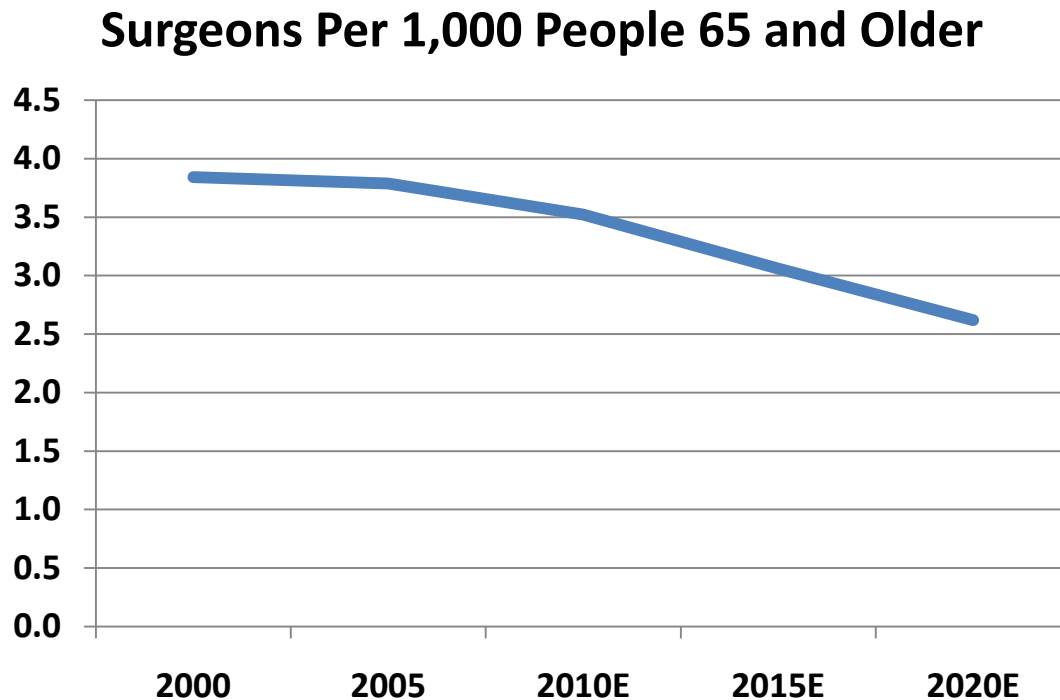
# Growth in # of ASCs Slowing

## Recent Decline in Growth of ASCs



# Medicare Needs Efficiency of ASCs

- Impeding surgeon shortage will diminish access to clinically necessary procedures



# MedPAC: Increase Payments for ASCs

“It is vital that ASCs be paid adequately to ensure that beneficiaries continue to have access to this option.”

# Recommendations

- Ensure ASCs continue to generate savings for Medicare program
  - Tie ASC reimbursement directly to HOPD
- Ensure transparency for clinical quality
  - Implement comparable measures for HOPD and ASC and report side-by-side