

Assessing payment adequacy and updating payments: Ambulatory surgical center services

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Measures of payment adequacy

- Access to care
 - Capacity and supply of providers
 - Volume of services
- Medicare payments
- Access to capital
- Quality
- No provider cost data

Important facts about ambulatory surgical centers (ASCs)

- Medicare FFS payments in 2017: \$4.6 billion
- Beneficiaries served in 2017: 3.4 million
- Number of ASCs in 2017: ~ 5,600
- Will receive payment update of 2.1% in 2019
- Most ASCs have some degree of physician ownership; corporate interest in ASCs increasing

Data preliminary and subject to change.

Comparing ASCs with hospital outpatient department (HOPDs)

- Benefits of ASCs
 - Efficiencies for patients and physicians
 - Lower payment rates and cost sharing in ASCs vs. HOPDs (ASC rates about half of HOPD rates)
- Concern: Studies show that presence of ASCs in markets associated with higher volume of surgical procedures
- Issue: Low ASC concentration in rural areas and in some states (VT, WV, AL, KY, DC)

Measures of access are strong

	Avg annual change, 2012-2016	Change, 2016-2017
FFS beneficiaries served	1.0%	0.4%
Volume per FFS beneficiary	1.2%	1.7%
Number of ASCs	1.0%	2.4%
Medicare payment per FFS beneficiary	3.5%	7.7%

Source: MedPAC analysis of Medicare claims and Provider of Services file from CMS, 2012-2017.

Data preliminary and subject to change.

Access to capital is good

- Positive growth in the number of ASCs (2.4% in 2017)
- ASCs and ASC companies have been acquired by hospital systems and other health care companies
- Medicare accounts for small share of total ASC revenue (~20%); factors other than Medicare payments influence access to capital

ASC quality measures (ASCQR)

- Slight improvement in most ASCQR measures 2013 to 2016
- Room for improvement on some measures
- Strengthen list of measures
 - CMS dropped 6 measures
 - Increase use of claims-based outcome measures
 - End delay of CAHPS-based patient experience measures
 - Implement value-based purchasing recommendation (2012)

Summary of payment adequacy measures

- Access to ASC services in 2017: Good
 - Number of FFS beneficiaries served: Increased
 - Volume of services per FFS beneficiary: Increased
 - Number of ASCs: Increased
 - Payments per FFS beneficiary: Increased
- Access to capital: Good
- Quality of care: Slight improvement, but issues with measures remain
- ASCs do not submit cost data; we see no reason why they should not do so

Updating ASC conversion factor

- 2010-2018: Update based on CPI-U
- 2019-2023: Update based on hospital market basket (MB); assess possibility of collecting cost data
 - CMS concerned that large difference between ASC and HOPD rates caused shift to HOPDs
 - CMS believes using hospital MB will encourage shift back to ASCs
- Commission's 2018 comment letter
 - Disagrees with using hospital MB
 - CMS should collect cost data immediately

Discussion

- Questions about content and methods
- Draft recommendations
 - Update
 - Cost data reporting