

Assessing payment adequacy and updating payments: Ambulatory surgical center services

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Measures of payment adequacy: Ambulatory surgical centers (ASCs)

Beneficiaries' access to care	Quality of care	ASCs' access to capital	Medicare payments, ASCs' costs
<ul style="list-style-type: none">• Capacity and supply of ASCs• Volume of services	<ul style="list-style-type: none">• Measures from the ASCQR Program	<ul style="list-style-type: none">• Change in number of ASCs• Acquisitions by corporate entities	<ul style="list-style-type: none">• Payments• No cost data: No margins or cost-dependent measures

Payment adequacy framework and the coronavirus public health emergency (PHE)

- COVID-19: Tragic and disproportionate effects on Medicare beneficiaries and the health care workforce
- PHE: Material effects on payment adequacy indicators, making them more difficult to interpret
- Temporary or highly variable coronavirus effects are best addressed through targeted, short-term funding policies rather than permanent changes to all providers' payment rates in 2023 and future years
- ASCs received relief from the PHE through the Provider Relief Fund and the suspension of the sequester

Overview of ASCs in 2020

Medicare FFS
payments:
\$4.9 billion

Beneficiaries:
3.0 million
served

Number of
ASCs:
~ 5,900

Current law
update:
2.0% in 2022

Data preliminary and subject to change.

Number of ASCs increased in 2020; PHE caused decreases in volume and beneficiaries served

	Avg change, 2015-2019	Change, 2019-2020
FFS beneficiaries served	0.4%	-15.0%
Volume per FFS beneficiary	1.5%	-13.6%
Number of ASCs	2.1%	2.0%

Source: MedPAC analysis of Medicare claims and Provider of Services file from CMS, 2015-2020.

Data preliminary and subject to change.

ASC volume decreased substantially in Spring 2020, then rebounded strongly



- Evaluated 30 most frequently provided services (75% of total volume)
- 2020 volume compared to 2019 volume
 - April: 11%
 - December: 97%

Source: MedPAC analysis of Medicare claims, 2019 and 2020.

ASC quality of care

- Five measures applied to both 2019 and 2020; four did not change, one improved
 - The measure that improved is voluntary
 - ASCs were not required to submit data for first six months of 2020
- Some concerns about the current set of ASC quality measures
 - No value-based purchasing program
 - Claims-based outcome measures do not apply to all ASCs

Data preliminary and subject to change.

Growth in ASCs indicates access to capital is strong



- Number of ASCs increased by 2.0% in 2020
- Hospital systems and other health care companies that own ASCs have acquired more facilities
- Medicare accounts for small share of total ASC revenue (~20%); factors other than Medicare payments influence access to capital

Source: MedPAC analysis of Provider of Services Files, 2015 through 2020.

ASC Medicare revenue had been increasing; PHE caused a decrease in 2020

- Revenue per FFS beneficiary grew 6.7% per year, 2015-2019
- Revenue per FFS beneficiary decreased 3.9%, 2019-2020
 - Revenue per user of ASC services increased 10.2%
 - +6.3% average relative weight of surgical services provided
 - +2.6% payment rate update
 - +0.6% drug spending
 - +1.2% sequester suspension
 - Number of ASC users decreased 15.0%
- No ASC margin; ASCs do not submit cost data

PHE affected ASC payment adequacy measures; they remained generally positive

Beneficiaries' access to care	ASCs' access to capital	Quality of care	Medicare payments, ASCs' costs
<ul style="list-style-type: none">• Beneficiaries served decreased• Volume per beneficiary rebounded• Number of ASCs increased	<ul style="list-style-type: none">• Number of ASCs increased• Corporate entities continued to acquire ASCs	<ul style="list-style-type: none">• ASCQR measures unchanged• Should move to an ASC VBP	<ul style="list-style-type: none">• Aggregate payments dropped slightly after years of increases• Payments per user increased• ASCs do not submit cost data; should be able to do so

Data preliminary and subject to change.