

Assessing payment adequacy and updating payments: Ambulatory surgical center services

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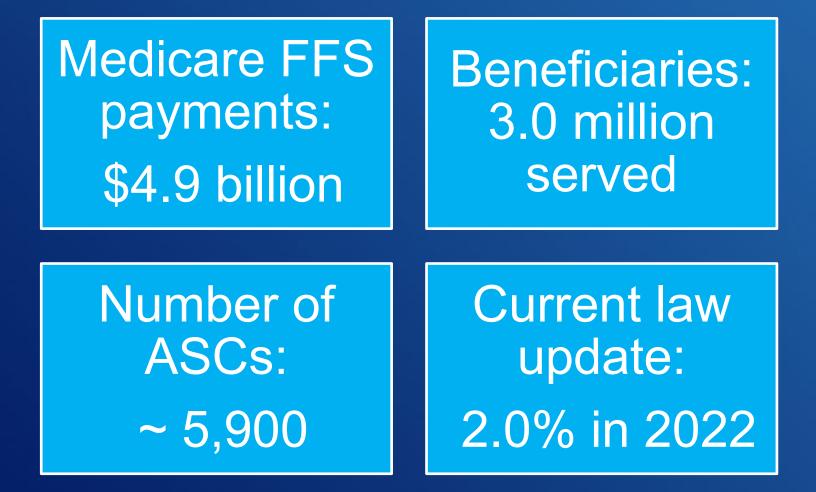
Measures of payment adequacy: Ambulatory surgical centers (ASCs)

Beneficiaries' access to care	Quality of care	ASCs' access to capital	Medicare payments, ASCs' costs
 Capacity and supply of ASCs Volume of services 	 Measures from the ASCQR Program 	 Change in number of ASCs Acquisitions by corporate entities 	 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





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.



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.

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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



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'	ASCs' access	Quality of care	Medicare payments,
access to care	to capital		ASCs' costs
 Beneficiaries served decreased Volume per beneficiary rebounded Number of ASCs increased 	 Number of ASCs increased Corporate entities continued to acquire ASCs 	 ASCQR measures unchanged Should move to an ASC VBP 	 Aggregate payments dropped slightly after years of increases Payments per user increased ASCs do not submit cost data; should be able to do so

