Assessing payment adequacy and updating payments: Ambulatory surgical center services

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# Measures of payment adequacy: Ambulatory surgical centers (ASCs)

<table>
<thead>
<tr>
<th>Beneficiaries’ access to care</th>
<th>Quality of care</th>
<th>ASCs’ access to capital</th>
<th>Medicare payments, ASCs’ costs</th>
</tr>
</thead>
<tbody>
<tr>
<td>Capacity and supply of ASCs</td>
<td>Measures from the ASCQR Program</td>
<td>Change in number of ASCs</td>
<td>Payments</td>
</tr>
<tr>
<td>Volume of services</td>
<td></td>
<td>Acquisitions by corporate entities</td>
<td>No cost data: No margins or cost-dependent measures</td>
</tr>
</tbody>
</table>
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

Number of ASCs: ~ 5,900

Beneficiaries: 3.0 million served

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

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<tr>
<td>FFS beneficiaries served</td>
<td>0.4%</td>
<td>-15.0%</td>
</tr>
<tr>
<td>Volume per FFS beneficiary</td>
<td>1.5%</td>
<td>-13.6%</td>
</tr>
<tr>
<td>Number of ASCs</td>
<td>2.1%</td>
<td>2.0%</td>
</tr>
</tbody>
</table>


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%


Data preliminary and subject to change.
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


Data preliminary and subject to change.
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

Data preliminary and subject to change.
PHE affected ASC payment adequacy measures; they remained generally positive

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<td>• Beneficiaries served decreased</td>
<td>• Number of ASCs increased</td>
<td>• ASCQR measures unchanged</td>
<td>• Aggregate payments dropped slightly after years of increases</td>
</tr>
<tr>
<td>• Volume per beneficiary rebounded</td>
<td>• Corporate entities continued to acquire ASCs</td>
<td>• Should move to an ASC VBP</td>
<td>• Payments per user increased</td>
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<tr>
<td>• Number of ASCs increased</td>
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<td>• ASCs do not submit cost data; should be able to do so</td>
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