

# Status report: Ambulatory surgical center services

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December 8, 2022

# Status report rather than payment adequacy chapter for ambulatory surgical centers (ASCs)

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- The ASC sector is a small part of Medicare, 0.5% of total Medicare outlays in 2021
- Since 2010, ASC payment adequacy measures have improved; Commission has made similar update recommendations each year
- ASCs do not submit cost data to CMS; we cannot evaluate financial performance
- Issues with ASC quality data
  - Currently, few measures for evaluating quality; do not provide full representation of ASC quality

# Since 2010, MedPAC has recommended that ASCs collect and submit cost data

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- ASCs do not submit cost data
- Cost data needed to evaluate financial performance of ASCs and for developing an appropriate price index
- Collection and submission of cost data should not be overly burdensome to ASCs; other small providers (hospice, HHA, RHC) submit cost data
- Although CMS does not collect cost data, the agency has shown some interest in doing so; ASC industry has opposed it as unnecessary

# Issues with ASC Quality Reporting (ASCQR) Program

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- Current measures are very limited: 4 measures, do not effectively represent ASC quality
- ASCQR Program could be improved by adding measures with these features:
  - Claims-based outcomes measures that represent all ASCs
  - Measures that apply to both the ASCQR Program and Hospital Outpatient Quality Reporting Program
  - A measure for rate of surgical site infections
  - Measures that reflect specialty-specific guidelines (ex. patients age 85+ should not receive colorectal cancer screening (American Cancer Society, 2018))

# Background on ASCs

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- ASCs provide outpatient surgical procedures
  - Cataract, gastroenterology, and pain management are most common types of procedures
- CMS bases payment rates for most services covered under the ASC payment system on Medicare payment rates from OPPS (HOPD services)
  - $\text{ASC payment rate} = (\text{OPPS relative weight}) * (\text{ASC conversion factor})$
  - ASC conversion factor is much smaller than OPPS conversion factor
  - Hence, ASC payment rates for most services are about 50 percent of OPPS payment rate for the same service

# Overview of ASCs in 2021

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Medicare FFS  
payments:  
\$5.7 billion

Beneficiaries:  
3.3 million  
served

Number of  
ASCs:  
~ 6,100

Current law  
update:  
3.8% in 2023

Data preliminary and subject to change.

# 2021: Number of ASCs increased; volume rebounded to pre-pandemic level

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	Avg annual pct change, 2016-2019	Avg annual pct change, 2019-2021
Number of ASCs	1.9%	2.3%
Share of FFS beneficiaries served	0.1%	1.0%
Volume per FFS beneficiary	0.8%	0.6%

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Source: MedPAC analysis of Medicare claims and Provider of Services file from CMS, 2016-2021.

# Geographic location of ASCs is uneven

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- Number of ASCs per Part B beneficiary (MA and FFS) varies widely from 38 per 100k beneficiaries in Maryland to 1.5 per 100k beneficiaries in Vermont
  - Certificate-of-need laws have large effect
- In 2021, 93% of ASCs were in urban locations (in metropolitan statistical areas); 7% in rural locations
  - 11.5% of urban beneficiaries received care in ASCs versus 7.8% for rural beneficiaries
  - Rural areas lack surgical specialists and population density to support the ASC business model

Source: MedPAC analysis of Provider of Services, Common Medicare Environment, and Medicare claims files from CMS, 2021.



# In 2021, ASC Medicare revenue was well above the pre-pandemic level

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- Medicare revenue per FFS beneficiary has grown rapidly
  - 2016-2019: 7.7% per year on average
  - 2019-2021: 8.7% per year on average
- Much of the growth in Medicare revenue was from increased provision of relatively complex services such as implant of spinal neurostimulators and knee arthroplasty

Source: MedPAC analysis of Medicare claims and Provider of Services file from CMS, 2016-2021.

# Summary

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- ASCs have largely rebounded from the effects of the pandemic
- In 2021, number of ASCs increased; volume of services and Medicare revenue were above pre-pandemic levels
- Concentration of ASCs varies widely among geographic areas; access to ASCs might be difficult in some areas
  - Services provided in ASCs also can be accessed in HOPDs and, in some instances, physician offices

# MedPAC's standing recommendation to collect cost data from ASCs

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The Secretary should require ambulatory surgical centers to report cost data.

- Rationale for republishing recommendation:
  - ASCs are a small part of Medicare spending
  - MedPAC has made similar recommendation since 2010
  - ASCs do not submit cost data (no cost-related measures)
  - Quality measures need to be improved

# Discussion

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- Address questions and comments
- Support for republishing March 2022 recommendation?
- Ideas on how to encourage collection of cost data from ASCs