



Advising the Congress on Medicare issues

Ambulatory surgical center services: Status report

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Presentation roadmap

- 1 Background on ASCs
- 2 Beneficiaries' access to ASC care
- 3 Growth in ASCs' Medicare revenue
- 4 Restatement of MedPAC's recommendation to collect cost data from ASCs

Note: ASC (ambulatory surgical center).

Background on ASCs

- ASCs provide outpatient surgical procedures
 - Most common procedures: Cataract, gastroenterology, pain management
 - Knee and hip replacements rapidly increasing; cardiology expected to rise
- CMS bases payment rates for most ASC services on OPPS relative weights
 - ASC payment rate = (OPPS relative weight) x (ASC conversion factor)
 - ASC conversion factor is much smaller than OPPS conversion factor
 - Consequently, for most services, OPPS payment rates are 84% higher than ASC payment rates

Note: ASC (ambulatory surgical center), OPPS (outpatient prospective payment system).

Overview of ASC use and spending under FFS Medicare, 2022

Number of facilities	6,088*
Users	3.3 million
Services	6.2 million surgical procedures
Payments for services	\$6.1 billion

Note: ASC (ambulatory surgical center), FFS (fee-for-service).

*Due to data restrictions, number of facilities is through the first quarter of 2022. All other figures are for all of calendar year 2022.

Number of ASCs, share of beneficiaries served, and volume increased, 2022

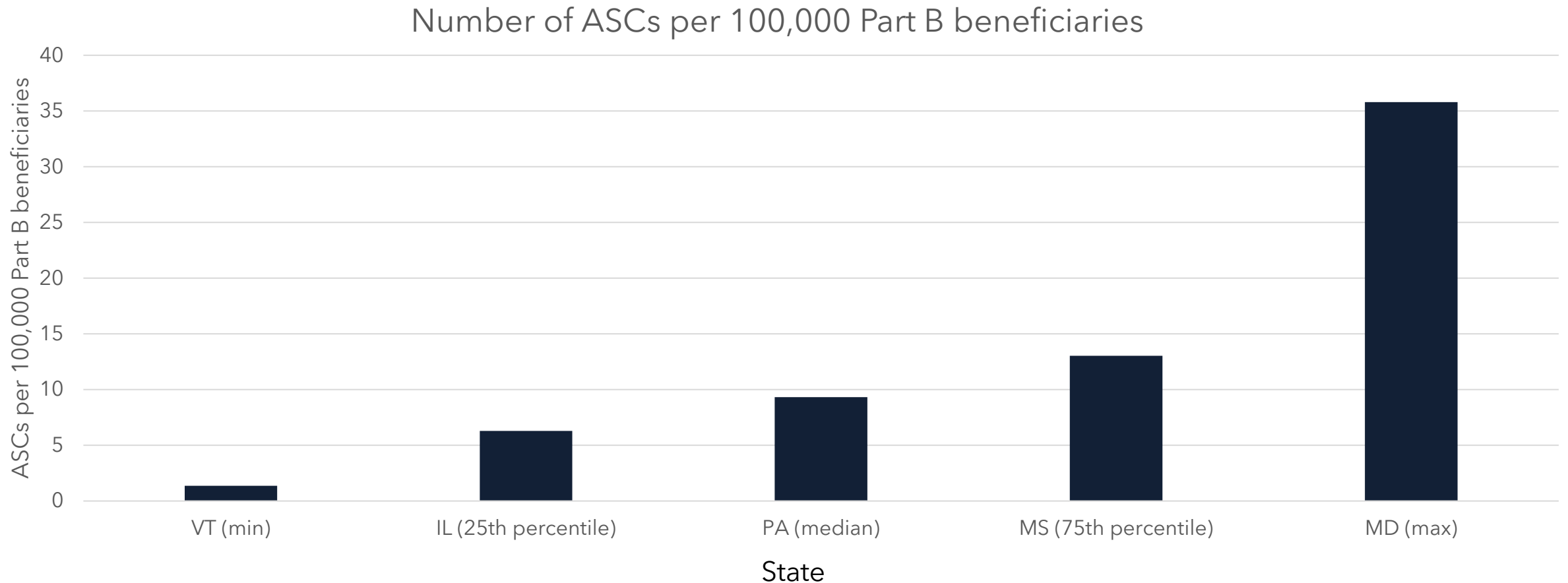
	Level	Average annual percent change, 2017-2022	Change, 2021-2022
Number of ASCs*	6,088	2.1%	0.2%
Share of FFS beneficiaries served	0.11	0.4	4.0
Volume per FFS beneficiary	0.21	0.4	2.8

Note: ASC (ambulatory surgical center), FFS (fee-for-service).

*Due to data restrictions, the number of ASCs is through the first quarter of 2022.

Source: MedPAC analysis of Medicare claims and Provider of Services file, 2017-2022.

Number of ASCs varied widely among states, 2022



Note: ASC (ambulatory surgical center), VT (Vermont), IL (Illinois), PA (Pennsylvania), MS (Mississippi), MD (Maryland).
Source: MedPAC analysis of Provider of Services file from CMS, 2022 and Common Medicare Enrollment File.

ASC presence is much stronger in urban areas than rural areas

- In 2022, 93 percent of ASCs were in urban locations (metropolitan statistical areas); 7 percent were in rural locations
- Rural areas often lack surgical specialists and population density to support ASC business model

Note: ASC (ambulatory surgical center).

ASC presence declines as social risk factors increase

Range of ADI scores	Number of ASCs per 100,000 Part B beneficiaries
1–10 (lowest social risk)	15.5
11–20	13.3
21–30	12.5
31–40	11.4
41–50	10.1
51–60	9.1
61–70	8.8
71–80	5.5
81–90	4.1
91–100 (highest social risk)	1.7

Note:

ASC (ambulatory surgical center), ADI (area deprivation index).

Source:

MedPAC analysis of Provider of Services file from CMS, 2023, and area deprivation index.

Rate of growth in ASCs' FFS Medicare revenue has accelerated

- Rate of increase in ASCs' Medicare revenue per FFS beneficiary:
 - 2012-2017: 4.3%
 - 2017-2021: 8.2%
 - 2021-2022: 10.0%
- Most of this growth is due to provision of more complex services in ASCs (e.g., implant spinal neurostimulators, knee and hip arthroplasty)

Note: ASC (ambulatory surgical center), FFS (fee-for-service).

Source: MedPAC analysis of Medicare claims 2012-2022.

ASC Quality Reporting (ASCQR) Program

- Currently has only 3 measures that can be used to evaluate how ASC quality has changed over time
 - CMS will add several measures over the next few years
- Could be further improved by:
 - Adding measures that are applicable to both ASCs and HOPDs
 - Adding claims-based outcome measures that represent all ASCs
 - Adding a measure of rate of surgical-site infection
 - Adding measures based on specialty-specific guidelines (for example, patients age 85 or older should not receive colorectal cancer screening (American Cancer Society, 2018))

Note: ASC (ambulatory surgical center), HOPD (hospital outpatient department).

ASCs are the only facilities that do not submit Medicare cost data

- ASCs are small facilities, but other small facilities (RHCs, HHAs, hospice) submit cost data
- Without cost data,
 - CMS cannot create payment rates that accurately reflect ASCs' costs
 - CMS cannot create an ASC market basket that could be used to update ASC payment rates
- Without cost data, MedPAC cannot make fully informed assessments of ASCs' financial standing
 - Beginning in March 2023, MedPAC publishes a status report for ASCs rather than an update chapter

Note: ASC (ambulatory surgical center), RHC (rural health clinic), HHA (home health agency).

Summary: ASCs, 2022

- Limited data indicate the number of ASCs increased
- Volume of services and Medicare spending rose
 - Growth in Medicare spending has accelerated
- Concentration of ASCs varies widely among geographic areas; rural locations, some states, and locations with high social risk have relatively few ASCs
 - Access to ASCs might be difficult in these areas
 - Services provided in ASCs can also be accessed in HOPDs and, in some instances, physician offices
- Lack of cost data prevents full evaluation of financial performance

Note: ASC (ambulatory surgical center), HOPD (hospital outpatient department).

MedPAC's standing recommendation to collect cost data from ASCs

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

- Rationale for reiterating recommendation:
 - Without cost data, Commission cannot fully assess ASCs' financial status
 - ASCs account for a small share of Medicare spending (0.5 percent)
 - MedPAC made similar recommendation from 2010 to 2023

Note: ASC (ambulatory surgical center).

Discussion

- Address questions and comments
- Support for reiterating March 2023 recommendation?
- Ideas on how to encourage collection of cost data from ASCs

Note: ASC (ambulatory surgical center).