MEDPAC

Advising the Congress on Medicare issues

Workplan: Ambulatory surgical centers

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Presentation roadmap

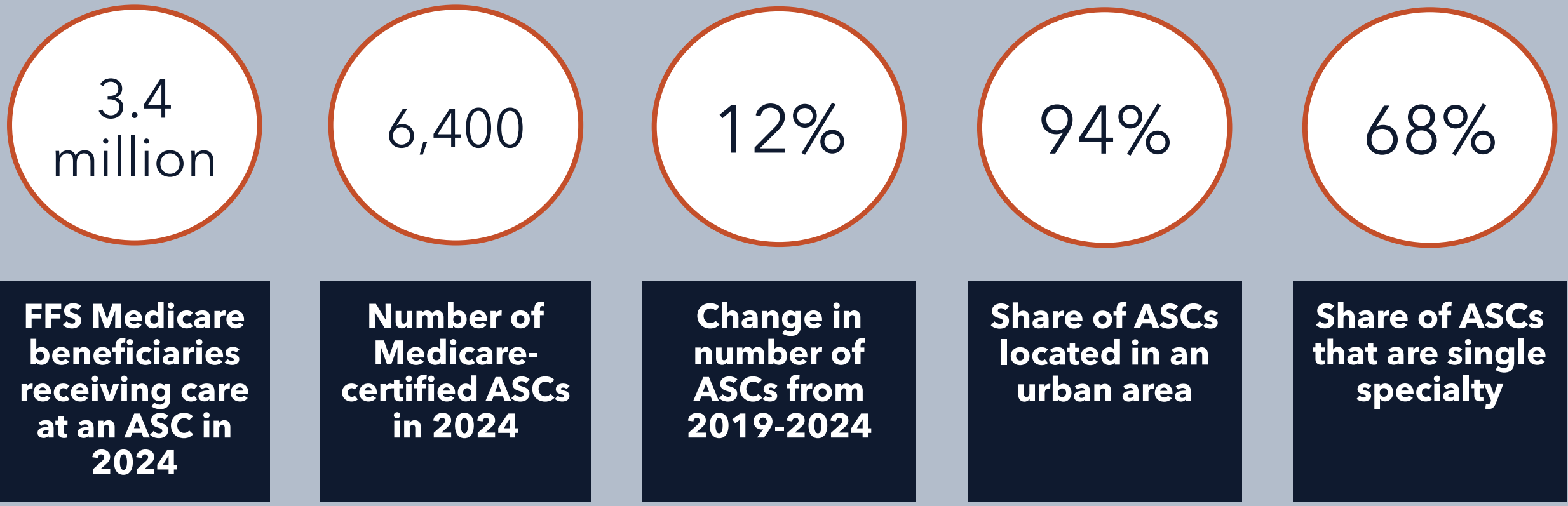
1. Overview of ambulatory surgical centers
2. Workplan
3. Discussion

FFS Medicare and ASCs

- Provide outpatient surgical procedures that do not require an overnight stay
- FFS Medicare covers more than 4,300 procedures
- FFS Medicare makes two payments:
  - Facility payment through the ASC payment system
    - Payment rate = (relative weight) x (ASC conversion factor)
  - Clinician services payment through the PFS
- CMS updates ASC conversion factor using hospital market basket
- MedPAC has recommended that ASCs submit cost data

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

Overview of ASCs



Note: ASC (ambulatory surgical center). We defined urban as being in metropolitan statistical areas (MSAs) and rural as being outside MSAs.
Source: MedPAC analysis of CMS Provider of Services file, 2025.

Factors contributing to growth in ASC supply

- Changes in clinical practice
- Expansion of procedures performed in ambulatory setting
- Advantages of ASCs over HOPDs:
  - For patients, ASCs can offer more convenient locations, shorter waiting times, easier scheduling relative to HOPDs, and lower cost sharing
  - For physicians, ASCs can offer specialized staff and more control over their work environment

Note: ASC (ambulatory surgical center), FFS (fee-for-service), HOPD (hospital outpatient department).

ASC surgical volume: Steady growth, concentrated in small number of procedures

- Volume of surgical procedures per FFS beneficiary increased 1% annually from 2019 to 2023, and by 3.4% in 2024
- Services that have historically contributed the most to overall FFS ASC volume continue to be the most common
  - 18 of the most common services in 2019 among 20 most common in 2024
  - Total hip, knee, and shoulder replacement volume rapidly increasing
- Volume is concentrated in a small number of procedures
  - In 2024, 50% of ASC volume from 7 procedures

Note: ASC (ambulatory surgical center), FFS (fee-for-service).
Source: MedPAC analysis of physician/supplier standard analytic files from 2019 and 2024.

Recent changes to the ASC Covered Procedures List (CPL)

- ASC CPL: More than 4,300 procedures covered under the ASC payment system
- Substantial additions in recent years, largely driven by CMS's phase-out of the inpatient-only (IPO) list
  - 2026 final rule: 271 codes removed from IPO list and added to CPL; additional 276 codes covered under OPPS were added to CPL
  - 2027 proposed rule: Remove 618 codes from the IPO list and add to CPL
- The effect of these changes is not yet clear

Note: ASC (ambulatory surgical center), CPL (covered procedures list), IPO (inpatient-only list), OPPS (outpatient prospective payment system).
Source: Centers for Medicare & Medicaid Services (2025). Medicare program: Hospital outpatient prospective payment and ambulatory surgical center payment systems; quality reporting programs; overall hospital quality star rating, etc. Federal Register. 90: 53448–54088. Centers for Medicare & Medicaid Services (2026). Medicare program: hospital outpatient prospective payment and ambulatory surgical center payment systems; and quality reporting programs; Federal Register. 91: 41734–42032.

ASC ownership is evolving

- Most ASCs are for-profit and at least partially owned by physicians
- Corporate ownership of ASCs is growing
- Some emerging literature on the effect of corporate ownership of ASCs on Medicare spending, quality, and access to care for beneficiaries

Note: ASC (ambulatory surgical center).

Workplan

Context for workplan analyses

- Number of ASCs varies widely by geography and across states
  - Many markets have no ASCs
  - Beneficiaries in these markets lack access to the benefits of ASCs
- Growth of ASCs can substantially affect outpatient surgical volume
  - Could cause surgical procedures to shift from ASCs to HOPDs
  - Could increase overall outpatient surgical volume

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

Factors associated with geographic differences in ASC supply

- Literature identifying factors associated with ASC market supply is somewhat limited and dated
- We propose to conduct a mixed methods study
  - Semi-structured interviews during site visits with ASCs across specialties, states, and varying degrees of ASC market density
  - Cross-sectional regression analysis evaluating market characteristics associated with number of ASCs per capita in a market

Note: ASC (ambulatory surgical center).

HSA-level regression analysis

- Dependent variable: Number of ASCs per capita in market
- Market definition: Modified health service areas (MedPAC June 2026)
- Explanatory variables
  - Population characteristics: Percent urban, percent minority, age profile, percent dually eligible, measure of social risk
  - Measure of need for surgical providers (procedures per capita)
  - Measure of outpatient surgical capacity (ORs per capita)
  - Outpatient surgical procedure concentration among ASCs and HOPDs
  - Certificate-of-need (CON) law
  - State medical-liability level

Note: HSA (health service area), ASC (ambulatory surgical center), ADI (area deprivation index), OR (operating room), HOPD (hospital outpatient department).

Assessing the impact of ASC growth on outpatient FFS surgical volume

- Implications for Medicare spending, access, and the distribution of outpatient surgical volume across payment systems
- Limited and somewhat dated research evaluating this topic
- We propose using a staggered-adoption DiD regression design to estimate changes in outpatient surgical volume following the entry of a new ASC into a market

Note: ASC (ambulatory surgical center), FFS (fee-for-service), DiD (difference in differences).

Assessing the impact of ASC growth on outpatient FFS surgical volume: Proposed outcomes

- Primary outcomes (performed in ASCs and HOPDs):
  - Total hip and knee arthroplasties
  - Cataract removal
  - Diagnostic colonoscopies
- Secondary outcomes (performed in ASCs, HOPDs, and physician offices):
  - Cystoscopy procedures
  - Trigger finger and carpal tunnel release procedures
  - Epidural steroid injections

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

Discussion

- Questions/comments on presentation
- Feedback on workplan
- Plan to present analytic results in future meeting

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