



*Advising the Congress on Medicare issues*

# Assessing payment adequacy: ambulatory surgical center services

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# Important facts about ASCs

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- Medicare payments in 2011: \$3.4 billion
- Beneficiaries served in 2011: 3.4 million
- Number of ASCs in 2011: 5,344
- Relative to HOPDs, ASCs have lower payment rates, lower cost sharing, and offer efficiencies for patients and physicians
- 90% have some degree of physician ownership
- Payment update of 0.6% in 2013

# Measures of payment adequacy

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- Access to and supply of ASC services has been at least adequate: Increase in number of beneficiaries served, volume per FFS beneficiary, and number of ASCs
- Access to capital has been at least adequate
- Increase in Medicare payments
- Lack cost and quality data
  - Commission recommended that ASCs be required to submit cost data
  - CMS recently began collecting quality data

# CON laws appear to affect location of ASCs

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- Number of ASCs varies widely across states
- Do certificate of need (CON) laws contribute to this variation?
- 12 states with lowest number of ASCs per beneficiary have CON laws
- Among 12 states with highest number of ASCs per beneficiary, only 4 have CON laws (MD and GA have exceptions to CON)

# Rationale for collecting cost data from ASCs

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- To identify/develop a more accurate input price index
  - Need data on total costs and share of costs for specific categories (e.g., employee compensation, supplies, equipment, building expenses)
- To examine payments relative to costs of efficient providers
  - Need data on total costs, charges, Medicare payments

# Options for collecting ASC cost data

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- Annual survey of random sample of ASCs (mandatory response)
  - CMS conducted cost surveys in 1986, 1994
  - GAO conducted survey in 2004
- Streamlined cost report (all ASCs)

# Recommendation from last year on value-based purchasing

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The Congress should direct the Secretary to implement a value-based purchasing program for ambulatory surgical center services no later than 2016.