

# Assessing payment adequacy and updating payments: Ambulatory surgical center services

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# Measures of payment adequacy

## Beneficiaries' access to care

- Capacity and supply of ASCs
- Volume of services

## Quality of care

- Measures from the ASCQR Program

## ASCs' access to capital

- Change in number of ASCs

## Medicare payments, ASCs' costs

- Payments
- No cost data: No margins or cost-dependent measures

# Important facts about ambulatory surgical centers (ASCs)

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Medicare FFS  
payments:  
\$5.2 billion

Beneficiaries:  
3.5 million  
served

Number of  
ASCs:  
~ 5,800

Current law  
update:  
2.4% in 2021

Data preliminary and subject to change.

# Measures of access are strong

	Avg annual change, 2014-2018	Change, 2018-2019
FFS beneficiaries served	1.4%	0.9%
Volume per FFS beneficiary	2.1%	2.7%
Number of ASCs	1.7%	2.5%

Source: MedPAC analysis of Medicare claims and Provider of Services file from CMS, 2014-2019.

Data preliminary and subject to change.

# ASC quality of care

## ASCQR measures

- Some improvement in ASCQR measures 2013 to 2017
- Measures largely unchanged in 2018
- CMS has dropped several measures

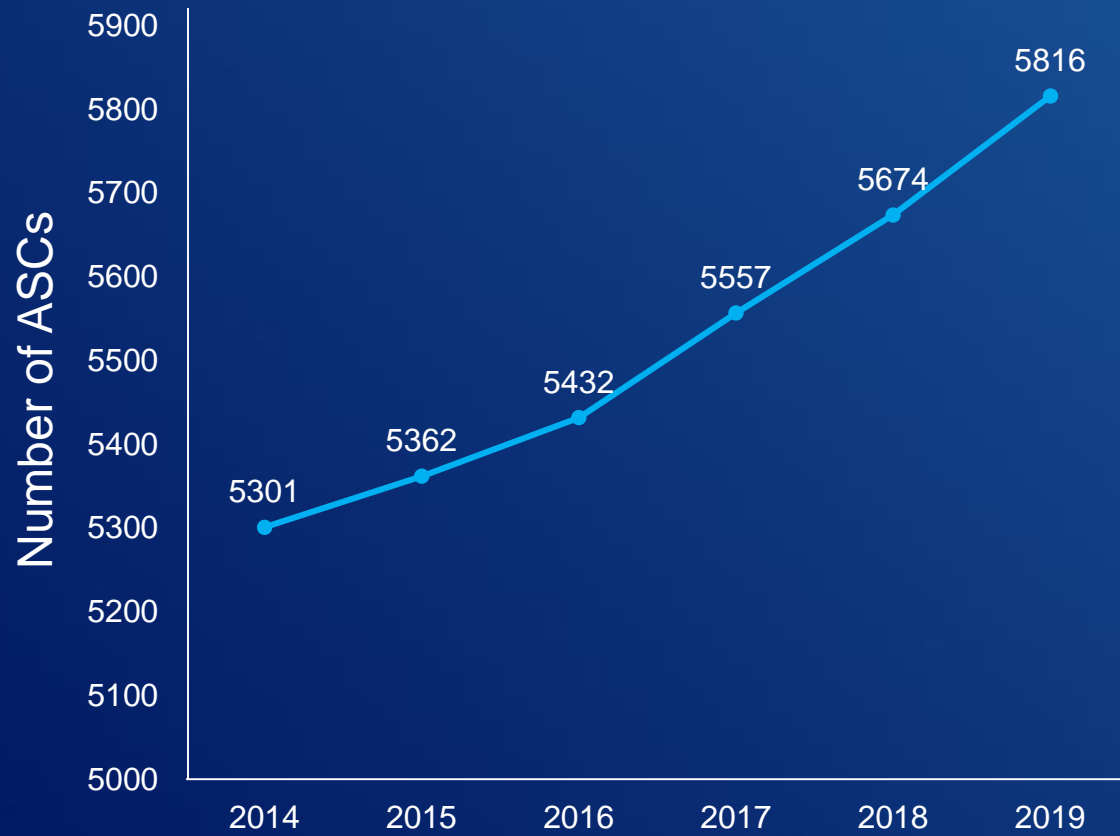
## Room for improvement

- Appropriate follow-up interval after colonoscopy, 83%

## Move away from pay for reporting

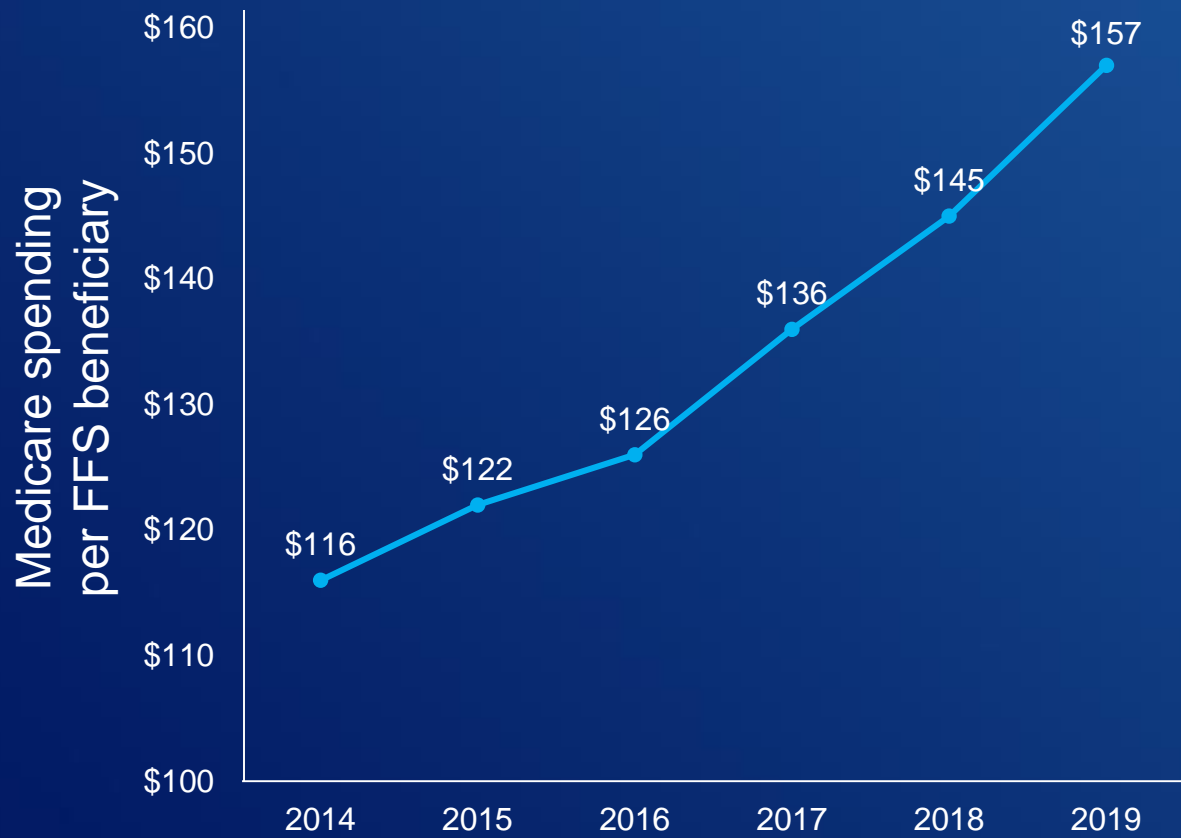
- Implement VBP
- Include CAHPS-based patient experience measures
- Increase use of claims-based outcomes measures

# Rapid growth in ASCs indicates access to capital is strong



- Growth in number of ASCs (2.5% in 2019)
- 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

# Strong growth in Medicare revenue



## Medicare payments increased:

- 2014-2018: 5.8% per year, on average
- 2018-2019: 8.3%
  - 2.3% average relative weight
  - 2.7% per capita volume
  - 2.1% payment update
  - 1.2% change in drug spending
- No ASC margin; ASCs do not submit cost data

# Effect of the pandemic on ASC services

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- Evaluation of most frequently provided services suggest PHE has affected ASCs
    - April 2020, volume decreased to 11% of January 2020 volume
    - Volume rebounded to 87% of January level in June 2020
  - Access to capital remained strong
    - ASCs have continued to open
    - Health management companies that own ASCs have received grants
- ➔ *We do not anticipate any long-term changes that will persist past the end of the public health emergency*



# Summary of payment adequacy measures

Beneficiaries' access to care	Quality of care	ASCs' access to capital	Medicare payments, ASCs' costs
<ul style="list-style-type: none"><li>• Beneficiaries served increased</li><li>• Volume per beneficiary increased</li><li>• Number of ASCs increased</li></ul>	<ul style="list-style-type: none"><li>• ASCQR measures unchanged</li><li>• Should move to an ASC VBP</li></ul>	<ul style="list-style-type: none"><li>• Number of ASCs increased</li><li>• Corporate entities obtained ASCs</li></ul>	<ul style="list-style-type: none"><li>• Payments increased substantially</li><li>• ASCs do not submit cost data; should be able to do so</li></ul>
Positive	Unchanged	Positive	Positive