



*Advising the Congress on Medicare issues*

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

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December 18, 2014

# Important facts about ASCs

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- Medicare payments in 2013: \$3.7 billion
- Beneficiaries served in 2013: 3.4 million
- Number of ASCs in 2013: 5,364
- Will receive payment update of 1.4% in 2015
- Most ASCs have some degree of physician ownership

Numbers are preliminary and subject to change.

# Comparing ASCs with OPDs

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- Benefits of ASCs
  - Efficiencies for patients and physicians
  - Lower payment rates and cost sharing in ASCs vs. OPDs (OPD rates are 82% higher)
- Concern: Evidence that physicians who own ASCs perform more procedures
- Issue: Relative to OPD patients, ASC patients are less likely to be dual eligible, minority, under age 65, or age 85 or older

# Measures of payment adequacy

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- Access to care
  - Capacity and supply of providers
  - Volume of services
- Access to capital
- Medicare payments
  
- Insufficient data to assess quality
- No cost data

# Volume of services, number of ASCs, and Medicare payments have continued to increase

	Avg annual increase, 2008-2012	Increase, 2012-2013
FFS beneficiaries served	1.2%	0.7%
Volume per FFS beneficiary	2.1%	0.5%
Number of ASCs	88 (1.7%)	57 (1.1%)
Medicare payments per FFS beneficiary	3.4%	2.0%

Numbers are preliminary and subject to change.

Source: MedPAC analysis of Medicare claims and Provider of Services file from CMS, 2008-2013.

# Shift from OPDs to ASCs no longer occurring

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- Surgical volume increasing faster in OPDs than ASCs
- Are services shifting from ASCs to OPDs?
- Analysis of surgical volume in ASCs and OPDs does not indicate a shift
  - 75% of ASC volume is in 31 services
  - For these services, little change in volume for ASCs or OPDs
- Change in OPD volume appears to be due to shift from freestanding offices

# Access to capital

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- Positive growth in the number of ASCs (1.1% in 2013) indicates adequate access to capital
- Medicare accounts for small share of total ASC revenue (~17%), so factors other than Medicare payments influence access to capital

# Insufficient data to assess quality of ASCs

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- ASCs began reporting quality measures in Oct. 2012
- CMS's contractor released preliminary national results for 2013; final data to be released in 2015
- 4 measures of preventable events: occur very rarely
- 1 process measure: very high performance
- Commission recommended that CMS implement value-based purchasing program



# Summary of payment adequacy measures

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- Access to ASC services; increase in
  - Number of FFS beneficiaries served
  - Volume per FFS beneficiary
  - Number of ASCs
- Access to capital: adequate
- Insufficient data to assess quality
- Lack cost data
  - Commission recommended that ASCs be required to submit cost data
  - Cost data would be used to develop input price index, assess payment adequacy