



Advising the Congress on Medicare issues

Ambulatory surgical center services: Status report

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Presentation roadmap

- 1 Background on ASCs
- 2 FFS Medicare beneficiaries' access to ASC care
- 3 Growth in ASCs' FFS Medicare payments
- 4 Quality of ASC care

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

Background on ASCs

- ASCs provide outpatient surgical procedures
 - Most common procedures: Cataract, gastroenterology, pain management
 - Knee/hip replacement and cardiology rapidly increasing
 - FFS Medicare volume and revenue had large increases in 2023
- CMS bases FFS payment rates for most ASC services on OPPS relative weights
 - $\text{ASC payment rate} = (\text{OPPS relative weight}) \times (\text{ASC conversion factor})$
 - ASC conversion factor is much smaller than OPPS conversion factor
 - Consequently, for most services, ASC payment rates are 46% lower than OPPS payment rates

Note: ASC (ambulatory surgical center), FFS (fee-for-service), OPPS (outpatient prospective payment system).

Benefits of ASCs relative to HOPDs

- ASCs receive lower FFS Medicare payment rates
- ASCs offer efficiency to physicians because they can customize their surgical environments and hire specialized staff
- For patients, ASCs offer
 - Lower cost sharing
 - Easier scheduling
 - Less time in surgery

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

Overview of ASC use and spending under FFS Medicare, 2023

Number of facilities	6,308
Users	3.4 million
Services	6.4 million surgical procedures
Payments for services	\$6.8 billion

Note: ASC (ambulatory surgical center), FFS (fee-for-service). "Payments for services" includes Medicare program payments and beneficiary cost sharing liabilities.
Source: MedPAC analysis of Medicare carrier claims files, 2023 and Provider of Services file, 2024.

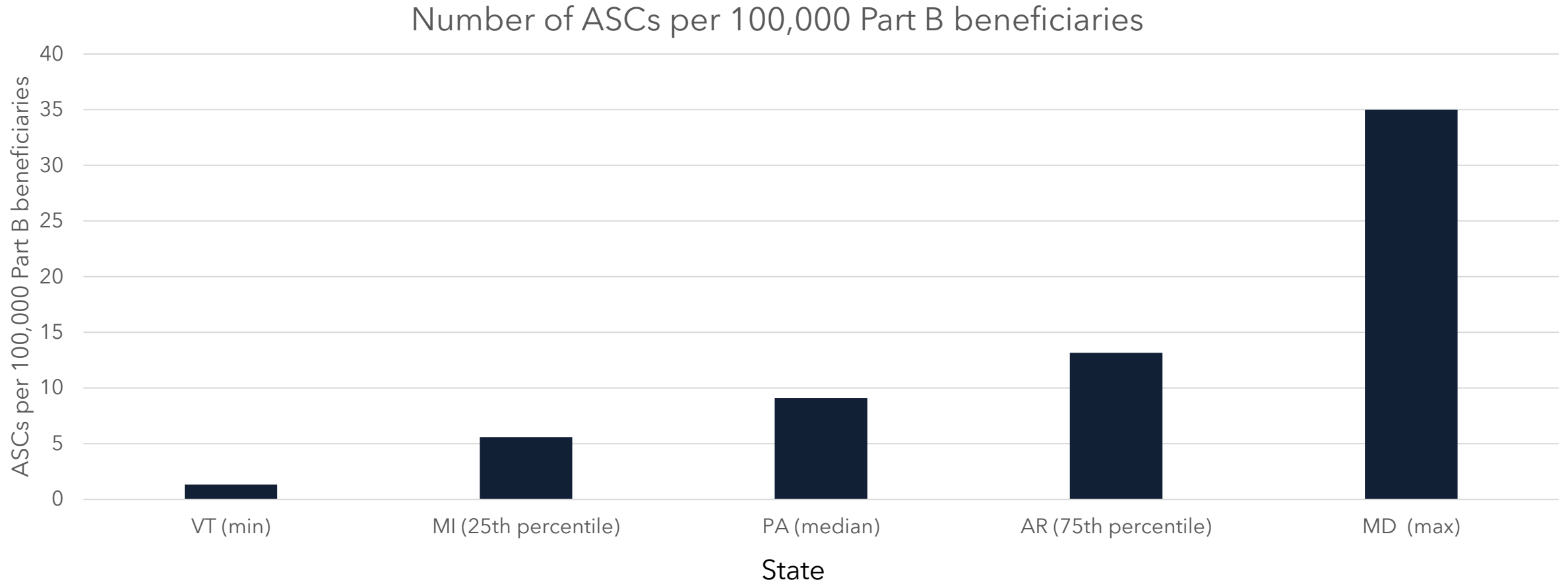
Number of ASCs, share of beneficiaries served, and volume increased in 2023

	Value of measure in 2023	Average annual percent change, 2018-2022	Percent change, 2022-2023
Number of ASCs	6,308	2.2%	2.5%
Share of FFS beneficiaries served	11.8%	0.9	5.1
Volume per 1,000 FFS beneficiaries	222	0.6	5.7

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

Source: MedPAC analysis of Medicare carrier claims, 2018-2023 and Provider of Services file, 2024.

Number of ASCs varied widely among states in 2023



Note: ASC (ambulatory surgical center), VT (Vermont), MI (Michigan), PA (Pennsylvania), AR (Arkansas), MD (Maryland).

Source: MedPAC analysis of Provider of Services file, 2024 and Common Medicare Enrollment File.

ASC presence is much stronger in urban areas than rural areas

- In 2023, 94 percent of ASCs were in urban locations (metropolitan statistical areas); 6 percent were in rural locations
- Conversations with stakeholders: Rural areas often lack surgical specialists and population density to support ASC business model

Note: ASC (ambulatory surgical center).
Source: MedPAC analysis of Provider of Services file, 2024.

ASCs were less likely to serve beneficiaries who were dually eligible, disabled, and age 85+

Beneficiary category	Share of the FFS beneficiaries receiving surgical procedures, 2023	
	in ASCs	in HOPDs
Dually eligible status		
Not dually eligible	91.1%	85.0%
Dually eligible	8.9	15.0
Age category		
< 65 (disabled)	5.9	9.8
65-84	88.6	81.5
85 +	5.5	8.7

Note: ASC (ambulatory surgical center), FFS (fee-for-service), HOPD (hospital outpatient department).
Source: MedPAC analysis of Medicare carrier claims, 2023 and Common Medicare Enrollment file.

ASCs had strong growth in FFS Medicare payments in 2023

- Rate of increase in ASCs' Medicare payments per FFS beneficiary:
 - 2018-2022: 7.8% per year
 - 2022-2023: 15.4%
- Much of this growth is due to provision of more complex services in ASCs such as
 - knee and hip arthroplasty
 - percutaneous implant of neurostimulator electrode array

Note: ASC (ambulatory surgical center), FFS (fee-for-service).
Source: MedPAC analysis of Medicare carrier claims, 2018-2023.

Evaluating ASC quality measures

- ASC Quality Reporting (ASCQR) Program implemented in 2012
- In recent years, we have not presented data on ASCQR measures
 - CMS made substantial changes to ASCQR measures
 - Few measures available for quality comparison across years
- This year, the number of quality measures is still limited, but enough for a useful comparison

Note: ASC (ambulatory surgical center).

Outcome measures from ASCQR Program have been stable

- ASCQR has 4 outcome measures for surgical procedures available for 2022 and 2023; all 4 measures were unchanged

Per 1,000 procedures, 7-day hospital visit rate after:	Median values	
	2022	2023
Colonoscopy	9.8	9.8
Orthopedic procedure	2.2	2.2
Urology procedure	5.1	5.1
General surgery procedures	1.0	1.0

Note: ASC (ambulatory surgical center). Hospital visits include emergency department visits, observation stays, and inpatient admissions. "General surgery procedures" include abdominal, alimentary tract, breast, skin, wound, and varicose vein stripping procedures.

Source: MedPAC analysis of ASCQR data from CMS, 2022-2023.

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

- ASCs are small facilities, but other small facilities (RHCs, HHAs, hospices) submit cost data
- Without cost data:
 - CMS cannot create payment rates that accurately reflect ASCs' relative costs
 - CMS cannot create an ASC-specific market basket that could be used to update ASC payment rates
 - Indicators of ASCs' status are strong, but MedPAC cannot estimate FFS Medicare margins
- MedPAC has recommended that ASCs collect and submit cost data

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

Summary of ASCs in 2023

- Growth in the number of facilities
- Volume of services and Medicare spending rose
- Concentration of ASCs is lower in rural areas than in urban areas; varies widely across states
 - Access to ASCs might be difficult in some areas
 - Services provided in ASCs can also be accessed in HOPDs and, in some instances, physician offices
- Relative to HOPDs, FFS Medicare beneficiaries treated in ASCs were less likely to have Medicaid coverage (dually eligible), be disabled, or be age 85+
- Available measures of quality did not change from 2022 to 2023
- Lack of cost data prevents estimation of FFS Medicare margins

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

Discussion

- Questions about material?
- Suggestions for future work