ASCA: New Study Finds Billions In Savings Tied To Ambulatory Surgery Centers

A new analysis by researchers at the prominent University of California-Berkeley Nicholas C. Petris Center on Health Care Markets and Consumer Welfare finds that ambulatory surgery centers (ASCs) provide billions of dollars in savings to the Medicare program and its beneficiaries. Specifically, Berkeley's researchers found that ASCs saved Medicare $7.5 billion over the four-year period from 2008 to 2011. Going forward, ASCs have the potential to save the Medicare system an additional $57.6 billion over the next decade.

"With policymakers looking for ways to shore up Medicare's finances and reduce health care spending nationwide, our analysis suggests that ASCs offer a win-win for policymakers and patients," said Adjunct Professor Brent Fulton of the University of California at Berkeley. "Encouraging patients to seek the care they need in ASCs throughout the Medicare system should be an easy decision. Indeed, depending on the future policy environment, the savings generated by ASCs could exceed our $57.6 billion estimate."

Ambulatory surgery centers, or ASCs, are modern health care facilities focused on providing a range of same-day surgical care—the same procedures that were once performed exclusively in hospitals. Because ASCs provide quality care at less cost than hospital outpatient departments (HOPD), Medicare reimburses ASCs at, on average, 58 percent of the HOPD rate. This means that Medicare—and the taxpayers who fund it—realize savings every time a procedure is performed in an ASC. As the UC-Berkeley cost savings analysis shows, those savings add up. Key findings from the study include:

- During the four-year period from 2008 to 2011, ASCs saved the Medicare program and its beneficiaries **$7.5 billion**. ASCs saved Medicare and its beneficiaries **$2.3 billion** in 2011 alone.
- **$6 billion** of these savings were realized by the federal Medicare program. The remaining $1.5 billion went directly to Medicare *beneficiaries*. In other words, Medicare patients nationwide saved **$1.5 billion** thanks to the cost-effective care that ASCs provide.
- Beneficiaries also stand to save considerably in future years. Because Medicare reimburses ASCs at a lower rate than HOPDs, patients also pay a smaller coinsurance amount in an ASC. For example, a Medicare beneficiary will **save $148** on his or her coinsurance by electing to undergo a cataract surgery in an ASC instead of a hospital.

"ASCs deliver patient-centered outpatient surgical care that saves the Medicare program and its beneficiaries billions of dollars," said ASCA Chief Executive Officer William Prentice. "Unfortunately, the power of the price differential that produces

these savings has limits, and we are at or beyond that limit now. ASC growth has all but stalled, and some centers are being purchased and converted into hospital outpatient departments to take advantage of the higher fees that can be charged there. Congress and the Obama Administration must ensure that Medicare payments for ASC services are sufficient so that ASCs can continue to be the lower-cost alternative for outpatient surgical care for America's seniors."

The entire study can be found here: www.ascassociation.org/MedicareSavingsStudy [1].

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