

**Congress of the United States**  
**Washington, DC 20515**

May 26, 2017

The Honorable Thomas Price, M.D.  
Secretary  
US Department of Health and Human Services  
200 Independence Avenue, S.W.  
Washington, D.C. 20201

Dear Secretary Price,

We are writing to request that you use statutory authority to implement an appropriate inflationary update measure for ambulatory surgery centers (ASCs). The current update factor threatens patient access to high quality, cost-effective surgical and preventive care by limiting access to ASCs.

The use of ASCs has resulted in significant Medicare savings over the course of the past several years. Nearly 5,500 Medicare-certified ASCs perform more than 7 million Medicare surgical outpatient procedures annually. In 2014, a U.S. Department of Health and Human Services (HHS) Office of the Inspector General (OIG) Report<sup>[1]</sup> found that ASCs resulted in Medicare savings of \$7 billion between 2007 and 2011.

Currently, Medicare reimburses ASCs at 49%<sup>[2]</sup> of the HOPD level for identical procedures. This represents a thirteen point decline since the ASC payment system was linked to the hospital outpatient payment system in 2008. ASC rates are updated on the Consumer Price Index for All Urban Consumers (CPI-U), which reflects the costs of goods and services across the economy. HOPD rates are updated on the hospital inpatient/outpatient market basket, which reflects the input cost of providing care, such as nursing, prescription drugs, and medical instruments, that apply to all outpatient surgical facilities. ASCs are the only health care facilities that are not updated based on a related market basket.

There is no policy basis for providing ASCs with lower inflationary updates than other facilities. The rising costs of nursing services, health provider wages and medical equipment are the same for all outpatient surgical facilities. Section 1833(i)(2)(C)(i) of the Social Security Act requires that the Secretary update the payment amounts established under the revised system by the CPI-U only if it has not selected a different payment update.

CMS is within its authority to provide a uniform payment update for ASCs and HOPDs. Making this change would prevent the current 49% payment differential from declining further, and thereby preserve the critical role ASCs play in delivering high quality, cost effective surgical and preventive care. We request that you use your current administrative authority to utilize the hospital market basket as the update factor for ASCs.

---

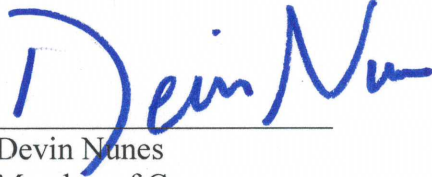
<sup>[1]</sup> *Medicare Beneficiaries Could Save Billions if CMS Reduces Hospital Outpatient Department Payment Rates for Ambulatory Surgical Center-Approved Procedures to Ambulatory Surgical Center Payment Rates*, Department of Health and Human Services, Office of Inspector General, April 2014.

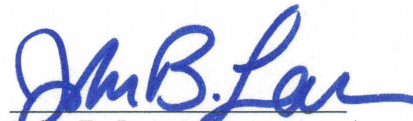
<sup>[2]</sup> This was calculated by creating a ratio of the ASC rate to the OPPS rate at the individual code level and then taking the average. This analysis examined the ratio for surgical codes and excludes the codes where the ASC and OPPS rate were the same (i.e. drugs).

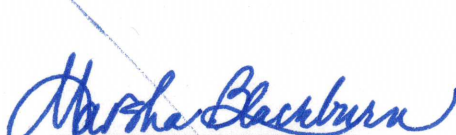
We look forward to working with you on this issue and many others.

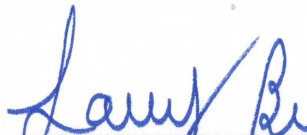
cc: OMB


Sincerely,

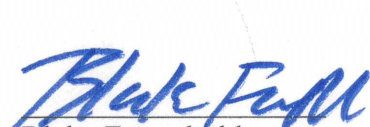
  
Devin Nunes  
Member of Congress

  
John B. Larson  
Member of Congress

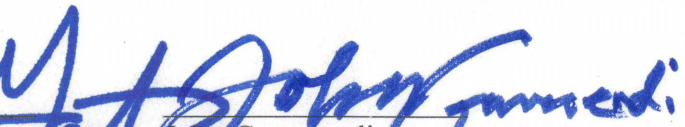
  
Marsha Blackburn  
Member of Congress

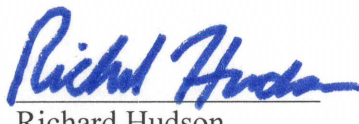
  
Larry Bucshon, M.D.  
Member of Congress

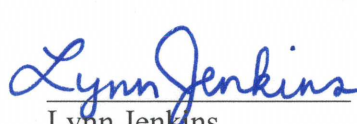
  
Kevin Cramer  
Member of Congress

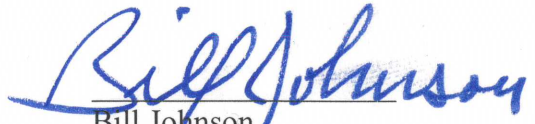
  
Blake Farenthold  
Member of Congress

  
Matt Gaetz  
Member of Congress

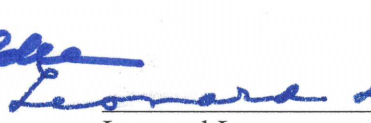
  
John Garamendi  
Member of Congress

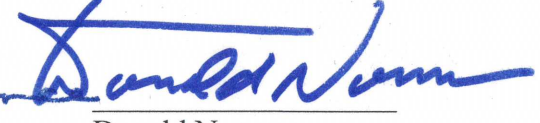
  
Richard Hudson  
Member of Congress

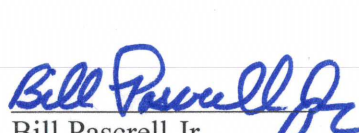
  
Lynn Jenkins  
Member of Congress

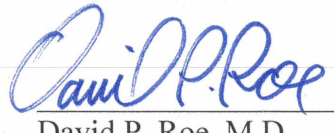
  
Bill Johnson  
Member of Congress

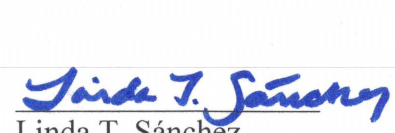
  
Daniel T. Kildee  
Member of Congress


  
Leonard Lance  
Member of Congress

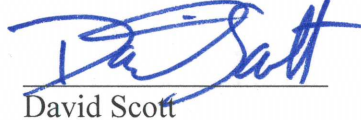
  
Donald Norcross  
Member of Congress


  
Bill Pascrell Jr.  
Member of Congress

  
David P. Roe, M.D.  
Member of Congress

  
Linda T. Sánchez  
Member of Congress

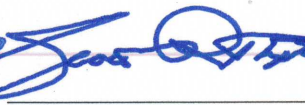
  
David Schweikert  
Member of Congress

  
David Scott  
Member of Congress

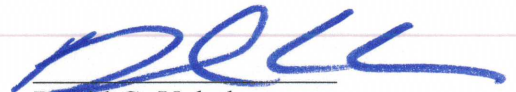
  
Pete Sessions  
Member of Congress



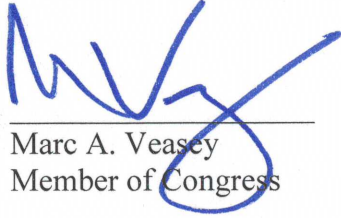
Eric Swalwell  
Member of Congress



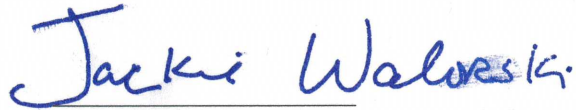
Scott R. Tipton  
Member of Congress



David G. Valadao  
Member of Congress



Marc A. Veasey  
Member of Congress



Jackie Walorski  
Member of Congress