



Ambulatory Surgery  
Center Association

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## MEDIA RELEASE

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### PHC4 REPORT MISSES TRUE STORY OF AMBULATORY SURGERY CENTERS' VALUE

**ALEXANDRIA, VA (October 3, 2012)**—The Ambulatory Surgery Center Association (ASCA) today released the following statement regarding a recent report from the Pennsylvania Health Care Cost Containment Council (PHC4):

“The findings of the PHC4 report and several other factors must be considered carefully in order to obtain an accurate understanding of the true value that Pennsylvania ambulatory surgery centers (ASCs) provide. ASCs continue to gain popularity among patients because they provide top-quality care at substantially less cost than hospital outpatient departments (HOPDs). With health care costs increasing every year, ASCs represent a substantial value and a model of success.

“The PHC4 report acknowledges that ASC and hospital profit margin rates available from the state cannot be compared directly because of the different methods used to calculate those statistics. For example, the disbursements (or salaries) that are paid to the physician owners of ASCs are not counted as overhead. This would be similar to removing all physician compensation from the operating costs of the hospitals before calculating their margins, which would increase significantly using that methodology. Also, the total margin for most for-profit ASCs does not reflect income tax expenses. By comparison, total margins for Pennsylvania’s for-profit general acute care hospitals are calculated after the tax expense is deducted.

“ASCs are—by design—convenient, personalized, lower-priced alternatives to hospitals for certain procedures. Built-in efficiencies reduce overhead and waste. For example, ASCs allow better control over scheduling, so procedures are not delayed or rescheduled due to staffing issues or competing demands for operating room space from emergency cases.”

Additional points to consider:

- On average, Medicare reimburses ASCs only 58% of the rate that it pays hospitals for providing similar procedures. This payment system currently saves Medicare \$2.6 billion a year and patients even more due to reduced copays.
- Due in part to this cost differential, one-third of ASCs that have left the Medicare system in the last 2½ years have been bought by a hospital and converted to an HOPD, including three in Pennsylvania. This often leads to significantly increased costs to all payers using those facilities.
- ASCs are small businesses that provide jobs in their local communities and pay state and federal taxes.
- Two-thirds of ASCs nationwide provide free or reduced cost care for patients. When they do, they receive no financial incentives for providing that care.

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**About ASCs:** ASCs are an integral part of the health care system, providing critical access to surgical and diagnostic care, including preventive services. As essential Medicare providers of surgical and cancer screening services, ASCs perform more than 40 percent of Medicare colonoscopies.

**About the Ambulatory Surgery Center Association (ASCA):** ASCA is working to raise awareness of the important role that ASCs play in the US health care system and the high-quality, cost-effective care that ASCs provide. For more about ASCA, go to [www.ascassociation.org](http://www.ascassociation.org).