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[1] found that ASCs resulted in Medicare savings of $7 billion between 2007 and 2011.

Currently, Medicare reimburses ASCs at 49%[2] 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.

[1] 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.
[2] 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
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Daniel T. Kildee
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Jackie Walorski
Member of Congress