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AMBULATORY SURGERY CENTER ASSOCIATION TESTIFIES AT HOUSE WAYS & MEANS SUBCOMMITTEE HEARING ON HEALTH CARE CONSOLIDATION

Board Member Discusses How Consolidation Can Raise Health Care Costs, Impact Patients

WASHINGTON, DC, September 9, 2011 – ASCA Board member Mike Guarino testified today on behalf of the Ambulatory Surgery Center Association (ASCA) at a hearing of the House Ways & Means Health Subcommittee on consolidation within the health care industry. Guarino’s testimony focused on how mergers and acquisitions, or consolidation, in the health care system can increase government spending, raise the cost of care and reduce surgical care provider options for patients.

“In theory, consolidation may bring efficiencies to market by reducing capacity and duplication,” Guarino told the Subcommittee today. “However, I have seen first-hand that consolidation can also be anti-competitive and may result in virtual monopolies in certain markets where patients are funneled into higher cost settings. The result is that Medicare will pay substantially more and beneficiaries will pay substantially higher copayments for their identical [outpatient surgical procedures].”

With approximately 5,300 Medicare-certified facilities across all 50 states, ASCs perform more than 25 million procedures each year, which constitutes nearly 40 percent of all outpatient surgeries nationwide. Medicare saves an estimated \$3 billion each year when surgical procedures are performed at ASCs, instead of hospital outpatient departments (HOPDs). Even though both ASCs and HOPDs offer identical outpatient surgical care, Medicare reimbursements at ASCs are only 56% of the amount paid to hospitals.

This growing divergence in payments is driven, in part, by differences in how the payment systems are updated each year to account for inflation. Despite the fact that ASCs and HOPDs offer the same services, the Centers for Medicare & Medicaid Services (CMS) applies two different measures to update the payment systems. As a result, consolidation within the ASC industry may stem from hospitals buying or acquiring surgery centers, solely to increase revenue.

“What will be the impact on Medicare when these acquisitions occur? The answer is that beneficiaries will pay substantially higher copayments for their outpatient surgical procedures,” Guarino stated. “For example, a beneficiary’s copay for cataract surgery would soar from \$191 if

she received that procedure at an ASC to \$489 if the same service were, instead, provided in the hospital outpatient department.”

One proposed way to decrease the reimbursement gap is through the Ambulatory Surgery Center Quality and Access Act of 2011 (H.R. 2108), which would tie future ASC reimbursement rate updates to the same measure currently used to update HOPD rates.

“It is critical to protect patient access to the high quality, cost-effective services provided by ambulatory surgery centers. The ASC industry stands ready to work with Congress and CMS to ensure a better alignment of incentives to ensure that care is rendered in the most efficient, cost effective and highest quality setting,” says Guarino.

Mr. Guarino’s Full Testimony is attached.

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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. Currently, ASCs provide about 40 percent of all outpatient surgeries and more than 25 million procedures in more than 5,300 Medicare-certified ASCs across the United States.

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.