

Position Statement

Ambulatory Surgical Centers Position Statement

This Position Statement was developed as an educational tool based on the opinion of the authors. It is not a product of a systematic review. Readers are encouraged to consider the information presented and reach their own conclusions.

An Ambulatory Surgical Center (ASC) exclusively furnishes outpatient surgical and procedural services with the expectation that the patient will not need hospitalization nor exceed a twenty-four hour stay. There are currently more than 5,400 Medicare-certified ASCs in the United States (U.S.). Orthopaedic surgery has continued to advance, with less invasive techniques, in promoting lower operative morbidity for even major procedures such as total joint arthroplasty (TJA). Further, perioperative improvements including shorter-acting or regional anesthesia, improved post-operative pain management, and options to minimize blood loss have all made it possible to perform more procedures in an ambulatory setting.

In 2008, ASCs supported roughly 20 million surgical procedures and received \$3.1 billion in payments from Medicare. In 2013, 5,364 ASCs treated 3.4 million fee-for-service (FFS) Medicare beneficiaries, and Medicare program and beneficiary spending on ASC services was \$3.7 billion. However, ASCs account for less than one percent of total Medicare spending.¹

The American Association of Orthopaedic Surgeons (AAOS) believes that ASCs perform a vital role in the provision of patient-centered, cost effective, high- quality musculoskeletal care.

ASCs Represent an Evolving Innovation in Health Care Delivery

Convenience and Efficiency

The growth in ASCs is primarily attributable to the numerous benefits they provide for the patient. Technological advances increase the procedures that can be safely performed on an outpatient basis, a trend contributing to a shift of cases to the ASC setting. For patients, ASC advantages include more convenient locations, shorter wait times, and easier scheduling.² For orthopaedic surgeons, ASCs are often more convenient, more efficient, and customizable to their needs. Many musculoskeletal procedures are highly technical and specialized, and ASCs allow an orthopaedic surgeon the opportunity to perform these complex procedures more efficiently than in other settings. For example, the operating room in an ASC is often designed for a specific type of procedure, such as arthroscopy. The ASC often facilitates more physician input on scheduling and staffing, which improves efficient use of resources. The ability to perform higher volumes of a narrow range of procedures allows ASCs

to maximize operational efficiencies and harvest economies of scale which save money for patients and payers alike. With a narrower range of procedures performed, schedule disruptions to accommodate emergency cases are rare.³

Total perioperative time for all procedures was 39 percent shorter in freestanding versus hospital-based ASCs, saving patients and their families valuable time. Savings produced from the various efficiency gains allow ASCs to continue to provide many valuable services to all patients regardless of payer status and their ability to pay.

Patient and Provider Satisfaction

ASCs in general are rated highly by both patients and providers. Patients benefit from the convenience of on-time appointments, onsite parking, and complaint rates lower than two per thousand cases are not uncommon.⁵ Patient satisfaction with care and service at ASCs has been measured at 92 percent. Providers are similarly pleased with the ability to influence staff and scheduling to create organized processes to improve the quality and efficiency of care.⁶

Equipment and supplies are setup for these specific procedures by the same clinical staff who often work together on a daily basis. This makes it much easier to schedule and perform surgery in an ASC, which translates into improved efficiency, cost-effective use of resources, better outcomes for patients, and high levels of patient and provider satisfaction.

Value

Patient and total health care costs are often lower for care provided in ASCs when compared to other health care settings. In this era of increased transparency, patients will demand a "pay for performance" system. The cost to both Medicare and the patient are lower in ASCs than in hospital outpatient surgery departments.⁴ For example, a Medicare beneficiary will save over \$200 in co-pays if a meniscal repair is performed in an ASC rather than a hospital; the savings to Medicare are over \$800. Consumers of health care services should be provided with quality and cost information to facilitate informed decision making. A Government Accountability Office (GAO) study comparing ASC with Hospital Outpatient Department (HOPD) costs demonstrated that the cost of an ASC procedure was 84 percent of the cost of an HOPD procedure.⁷ The Medicare Payment Advisory Commission (MedPAC) states in their March 2015 report, "We believe it is desirable to maintain beneficiaries' access to ASCs because Medicare and beneficiaries pay less for services provided in ASCs than in HOPDs".

For the same unit of work, an ASC is paid \$44.07 and a hospital outpatient department \$74.14. This means the hospital is 75 percent more expensive for the same service. Moving half of all eligible services to ASCs would save Medicare \$2.4 billion in addition to the \$2.6 billion it already gains from ASCs savings. These savings can be even higher in less implant-intensive specialties. A recent study showed urologic procedures performed at ASCs cost less than a third of those done at hospitals. Given the relatively narrow focus of these facilities, it is expected that ASC outcomes and quality will continue to improve, but data comparing outcomes and quality in the different settings is currently not available.

The AAOS believes that as procedural technology continues to evolve, ASCs will serve as sites for continued innovation in the delivery of musculoskeletal care. Convenience, affordability, accessibility, and patient satisfaction provided by the ASCs will continue to be valued by patients and payers in our evolving health care system. The AAOS fully supports innovations that represent increased value delivered to our patients.

Surgeons Are Uniquely Positioned to Drive ASC Innovations

Management and Ownership

Physicians have traditionally been the primary investors in ASCs. Recent publications report that physicians maintain ownership stakes in approximately 83 percent of ASCs and fully own approximately 43 percent.⁹ Physicians maintain ownership stakes in 92 percent of ASCs and fully own 65 percent. This investment is driven by the belief that with concentration and specialization on a narrow range of procedures, higher levels of productivity and efficiency can be achieved.¹⁰ In assuming an active role in managing these facilities, physicians are able to direct all activities toward achieving maximum patient benefit while maximizing efficiency and minimizing cost. The linkage between clinical outcomes and cost containment is very desirable from a health care system perspective given the escalating costs of providing these services.

Application of New Procedural Technology

New technology is the main driver of the expanding list of procedures suitable for outpatient delivery. Surgeons and procedural physicians not only develop, but more importantly refine the applications and indications for new technology.¹¹ Orthopaedic surgeons should and will continue to play a central role in this process.

Focused Factories

ASCs, by design, focus on a limited scope of procedures. The concept that "simplicity and repetition breed competence"¹² is believed to be applicable in industry as well as medicine.¹³ This relatively narrow focus promotes higher levels of competence among care providers, increased quality, and improved efficiency.¹⁴ Orthopaedic surgeons are uniquely positioned to drive ASC innovation toward focused factories since many of the procedures currently performed in the ambulatory setting are orthopaedic interventions.

The AAOS believes that orthopaedic surgeons should play a leadership role in driving improvements in the quality and efficiency of care delivered in ASCs.

Policy: Areas of Focus and Concern

Patient Safety

It has been reported that ASCs treat lower acuity patients when compared to HOPD's.¹⁵ In the absence of standardized and widely reported quality measures with respect to patient safety, this is probably prudent. Preliminary patient safety data shows problem occurrence rates less than 0.1 percent on all four indicators. One study has demonstrated even high-risk Medicare patients are no more likely for re-admission after treatment in an ASC compared to a hospital (Munnich, *Health Affairs* 2014). As leading patient advocates, procedural physicians and surgeons must not push the application of technology that allows for expanding delivery of care in the ambulatory setting before firmly establishing trustworthy measures of safety.¹⁶

Conflicts of Interest

The AAOS believes that if a potential conflict of interest exists for a provider who manages or owns the ASC in which they are performing procedures, then it must be fully disclosed to all patients, payers, and providers involved. The relationship between ownership and facility utilization should be completely transparent to all stakeholders. Recent research findings relating increased utilization to ownership are of concern and warrant further study. However, the simplistic implication that physician ownership leads directly to increased utilization ignores the complexities involved in physician decision making that include multiple regulatory policies and clinical (non-financial) incentives.¹⁷ As noted above, site of service is often driven by the ability to offer a better surgical experience and

outcome at a lower price to the patient. Ultimately the patient, fully informed of any potential conflicts and in consultation with the treating physician, should decide the most appropriate venue for a given procedure.

Capacity, Utilization, and Payment Parity

The first decade of the millennium yielded significant growth in the number of new ASCs. This trend has slowed markedly, and from 2010 to 2013 net yearly growth of the number of ASCs was only 1.45 percent. This fact has given birth to concerns of too much capacity and over-utilization. A recent study showed adding an ASC to a service area only increased surgery rates by ten percent, much lower than previous studies and minimal overall given the efficiencies in ASCs. Additionally, these factors have likely influenced payment policy for services provided at ASCs. Current Centers for Medicare & Medicaid Services (CMS) payment policy reimburses ASCs, on average, 58 percent of the reimbursement for similar procedures performed in an HOPD setting.¹⁸ While it is recognized and established that ASCs can provide similar or higher quality services at a lower cost, the increasing divergence between the cost of procedures and reimbursements must be addressed. Payment parity for procedures, regardless of where the procedure is performed, would likely result in the migration of ambulatory procedures to the appropriate setting, potentially resulting in substantial cost savings to the health care system.

The AAOS believes that many orthopaedic surgical procedures can be safely and efficiently performed in ASCs. The ASC model can improve patient access to high-quality care and in some instances can lower the cost barrier for the patient.

We support the use of ASCs, regardless of ownership, as long as all potential conflicts of interest are fully disclosed to the patient, payers, and other providers. Several ownership models exist, and the AAOS supports physician and non-physician investment in facilities that deliver high quality and cost effective health care. The AAOS believes that ASCs should be equipped to provide care to all patients who are eligible to receive care in the ambulatory setting, regardless of payer status or ability to pay. The AAOS is committed to working closely with all stakeholders to insure the provision of high quality, cost-efficient, patient centered musculoskeletal care.

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