

Ambulatory Surgery: National and State Environments and Key Policy Considerations

Presentation to the Public Health Council
New York State Department of Health
January 23, 2009



Presentation Overview

- ❑ Market share, geographic and specialty distribution nationwide
- ❑ NYS ambulatory surgery center trends
- ❑ Literature review - Quality
- ❑ Procedures, reimbursement, payor mix by setting in NYS
- ❑ Policy considerations



Background:

Ambulatory Surgery Market Share

- ❑ 60-70% of all surgeries performed take place in an ambulatory setting (MedPac report to Congress 2004)
- ❑ Between 2000-2007 the number of Medicare-certified ASCs nationwide grew by over 60% (MedPac Data Book, June 2008)
- ❑ Approximately 5,300 ASCs in all 50 states, provide more than 22 million procedures annually. (Ambulatory Surgery Center Association, 2008)

Penetration:

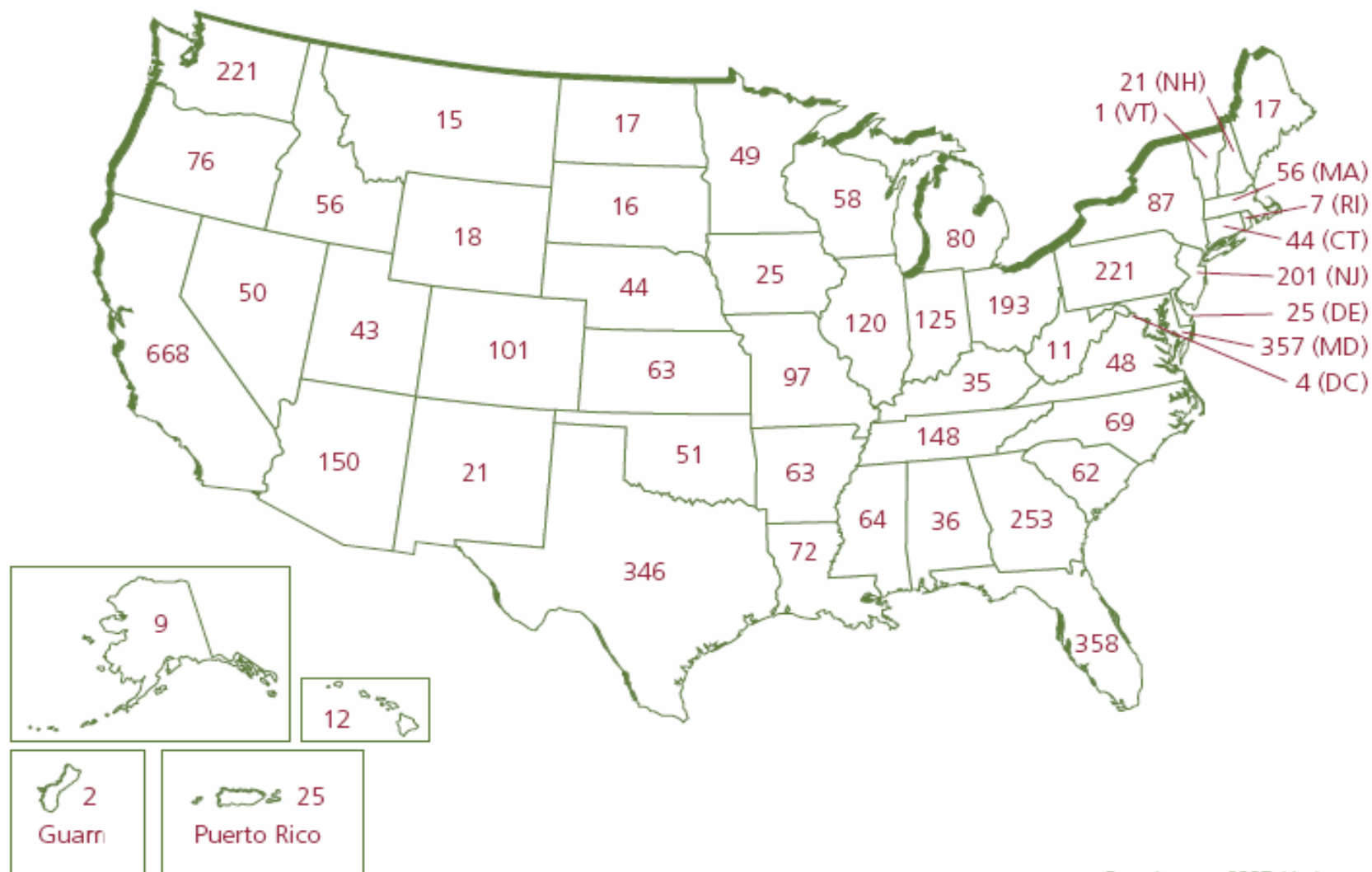
*ASCs per 100,000 population March 2008

Selected neighboring states	Top 5 states	Bottom 5 states
Massachusetts 0.87	Maryland 6.35	Rhode Island 0.66
New Jersey 2.31	Idaho 3.73	Virginia 0.62
Pennsylvania 1.78	Wyoming 3.44	West Virginia 0.61
Connecticut 1.26	Washington 3.42	New York 0.45
New York 0.45	Delaware 2.89	Vermont 0.00

Source: Ambulatory Surgery Center Association

*Licensure requirements for ASCs vary by State

ASCs by State



Based upon 2007 Medicare data

Non-Inpatient Surgery Settings in NYS

Settings	Licensed and Regulated under PHL Art. 28	National Accreditation Required	SPARCS Reporting	HCRA Pool Payments	Specified Adverse Event Reports
Hospitals	X		X	X	X
Hospital X-Clinics	X	X	X	X	X
ASCs	X	X	X	X	X
Physician Offices		X By 7/14/09			X

Ambulatory Surgery Center Types

- Independent
 - A Diagnostic and Treatment Center
(D & TC) licensed to provide ambulatory surgery
- Hospital-Based
 - A hospital extension clinic (off-site) licensed to provide ambulatory surgery

Ambulatory Surgery Need Methodology

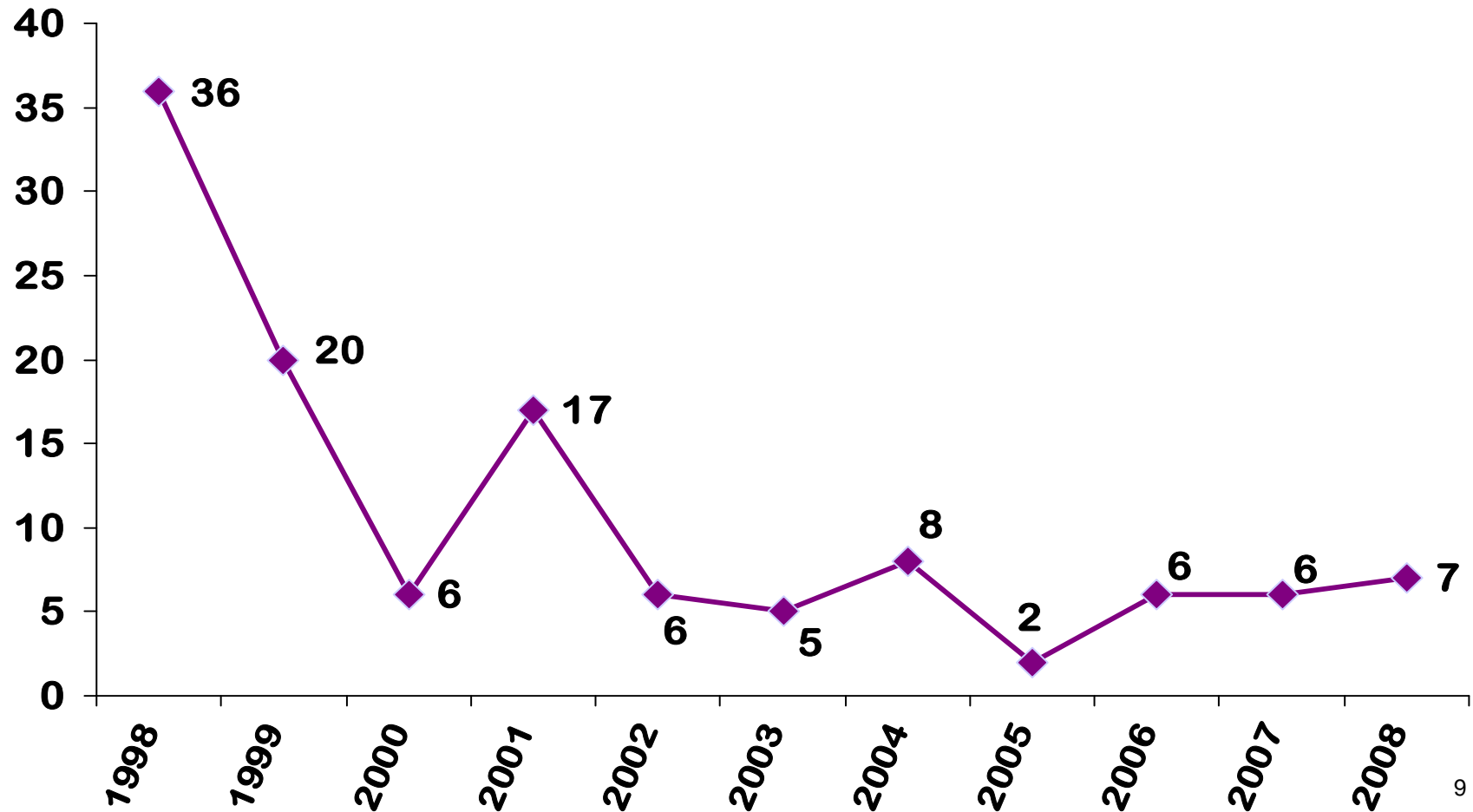
- Before 1998
 - 1 ASC per 500,000 people

- Since 1998
 - No population criterion
 - Financial feasibility over three years
 - Enhance access and availability

Council Action by Year

Acted Upon Under Current Regulations

N=119



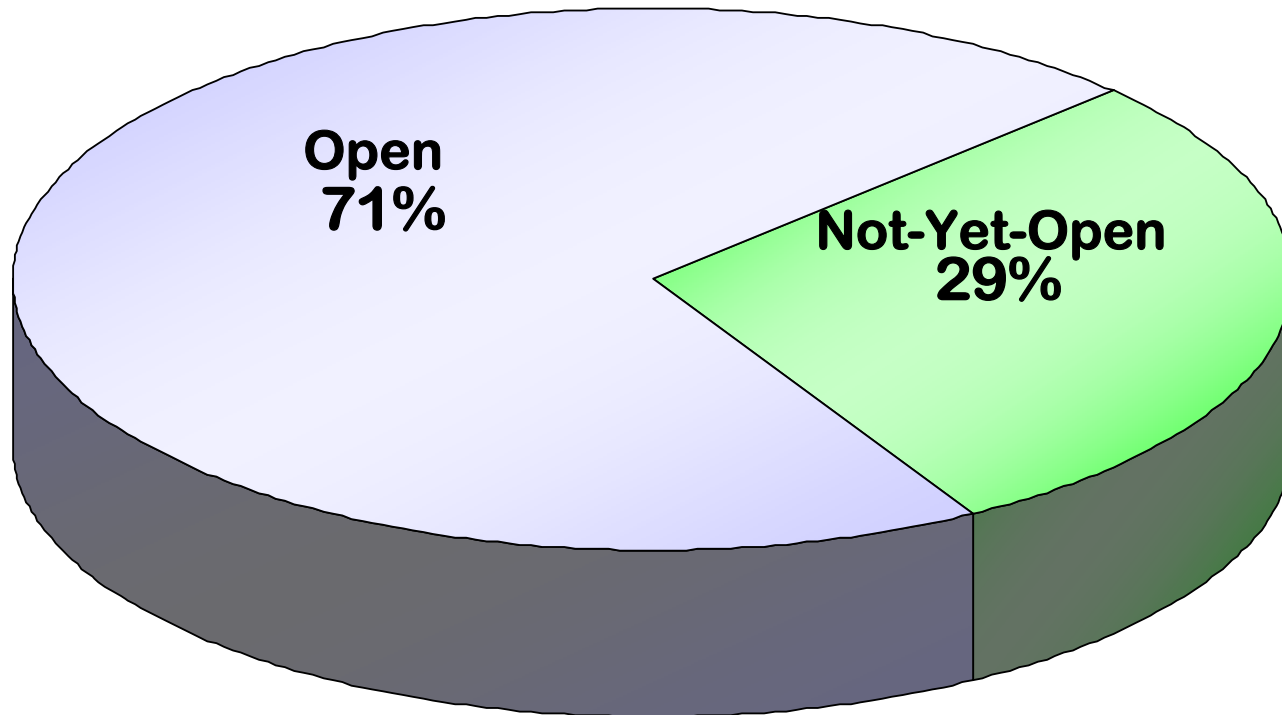
Status of Approved ASCs

Approved Under Current Regulations

<input type="checkbox"/> Approved	100
<input type="checkbox"/> Open	71
<input type="checkbox"/> Not-Yet-Open	29

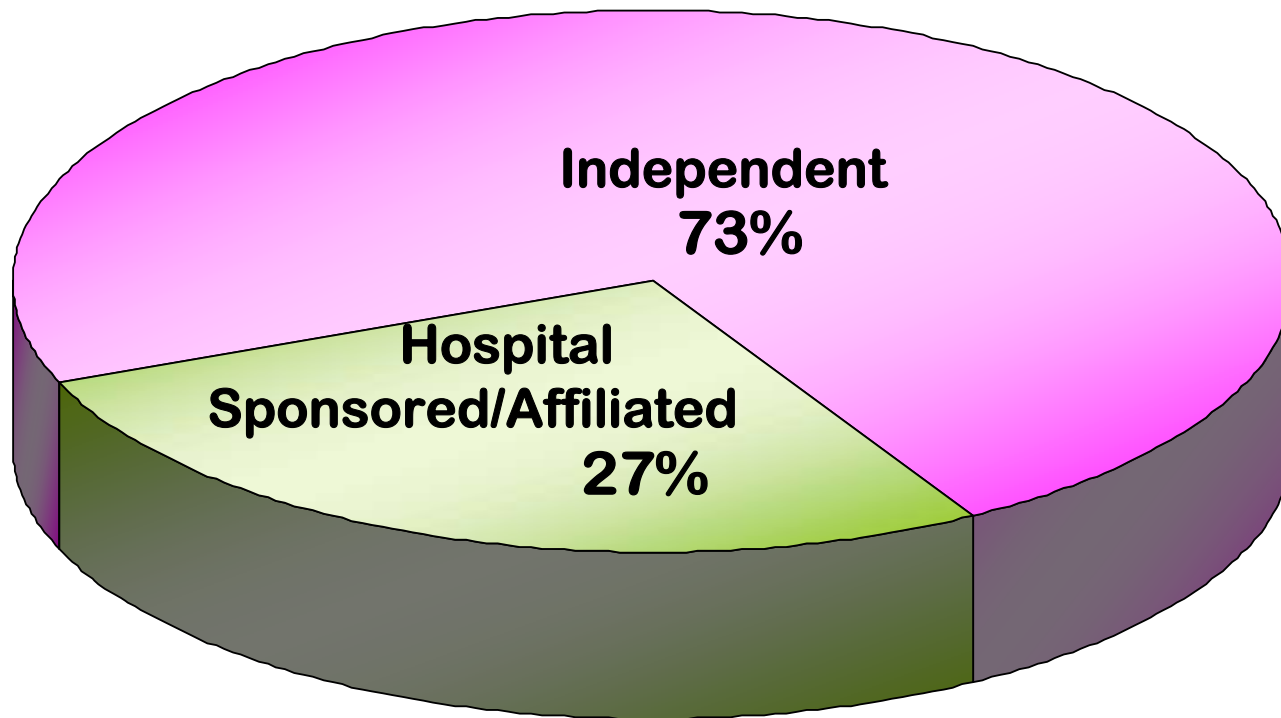
Operating Status

Approved Under Current Regulations



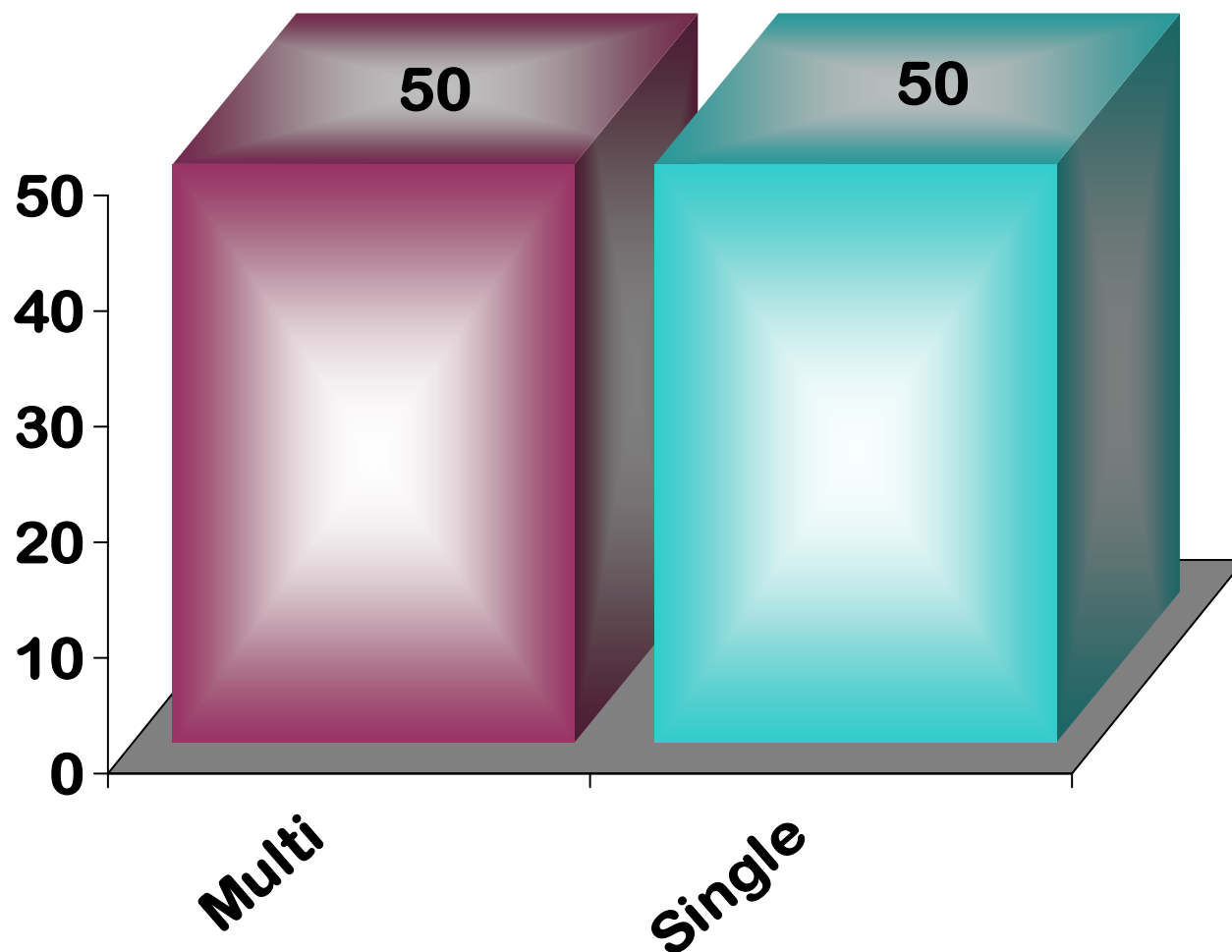
Ambulatory Surgery Center Affiliation

Approved Under Current Regulations



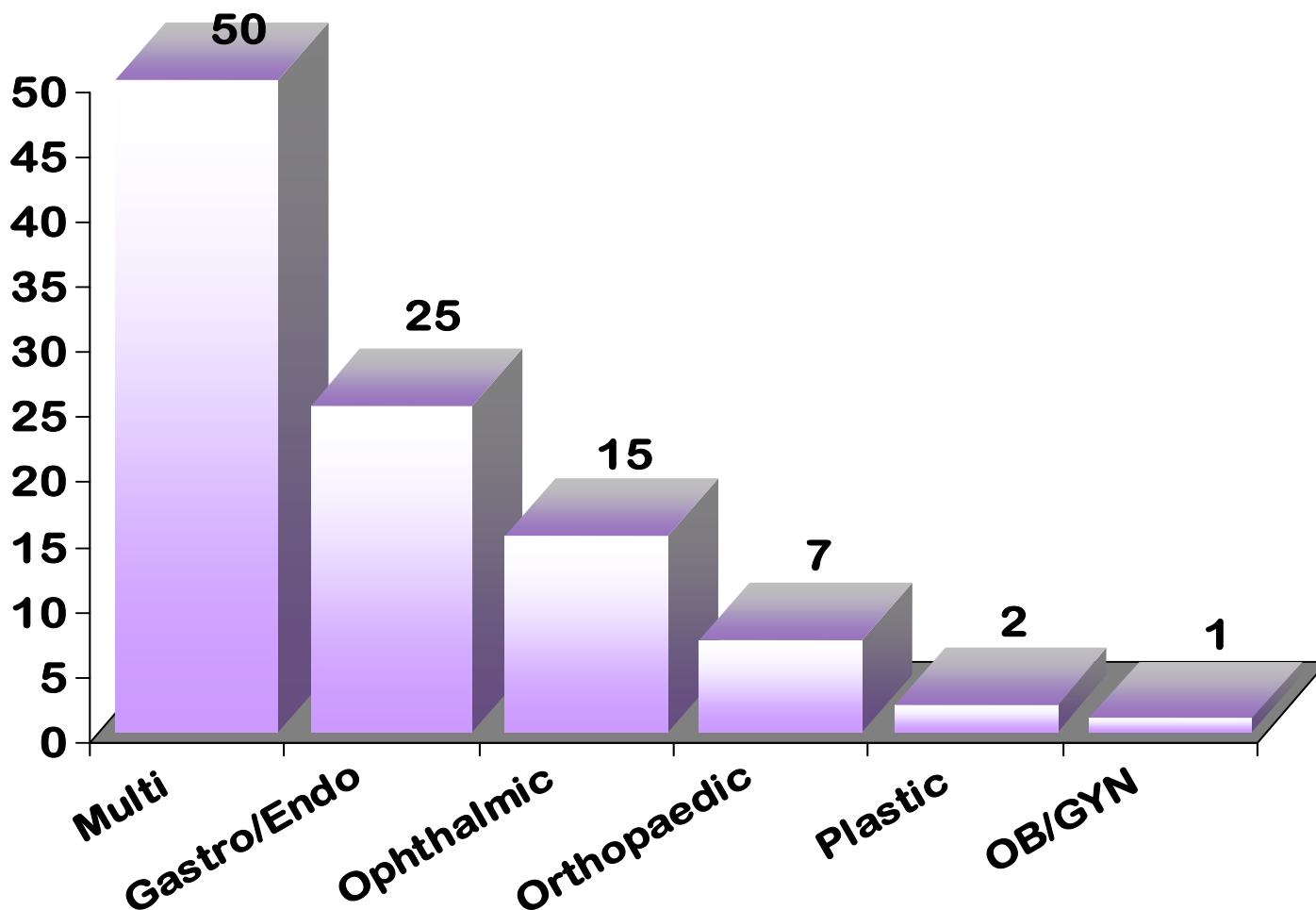
Ambulatory Surgery Centers by Specialty

Approved Under Current Regulations



Ambulatory Surgery Centers by Specialty

Approved Under Current Regulations



Unsuccessful ASCs

Approved Under Old and Current Regulations

- 4 Disapproved (all post-regulatory change)
- 16 Withdrew CON after approval
 - 3 approved pre-reg change
 - 13 approved post-reg change
- 5 Closed after opening
 - 3 approved pre-reg change
 - 2 approved post-reg change

Open and Likely-to-Open ASCs

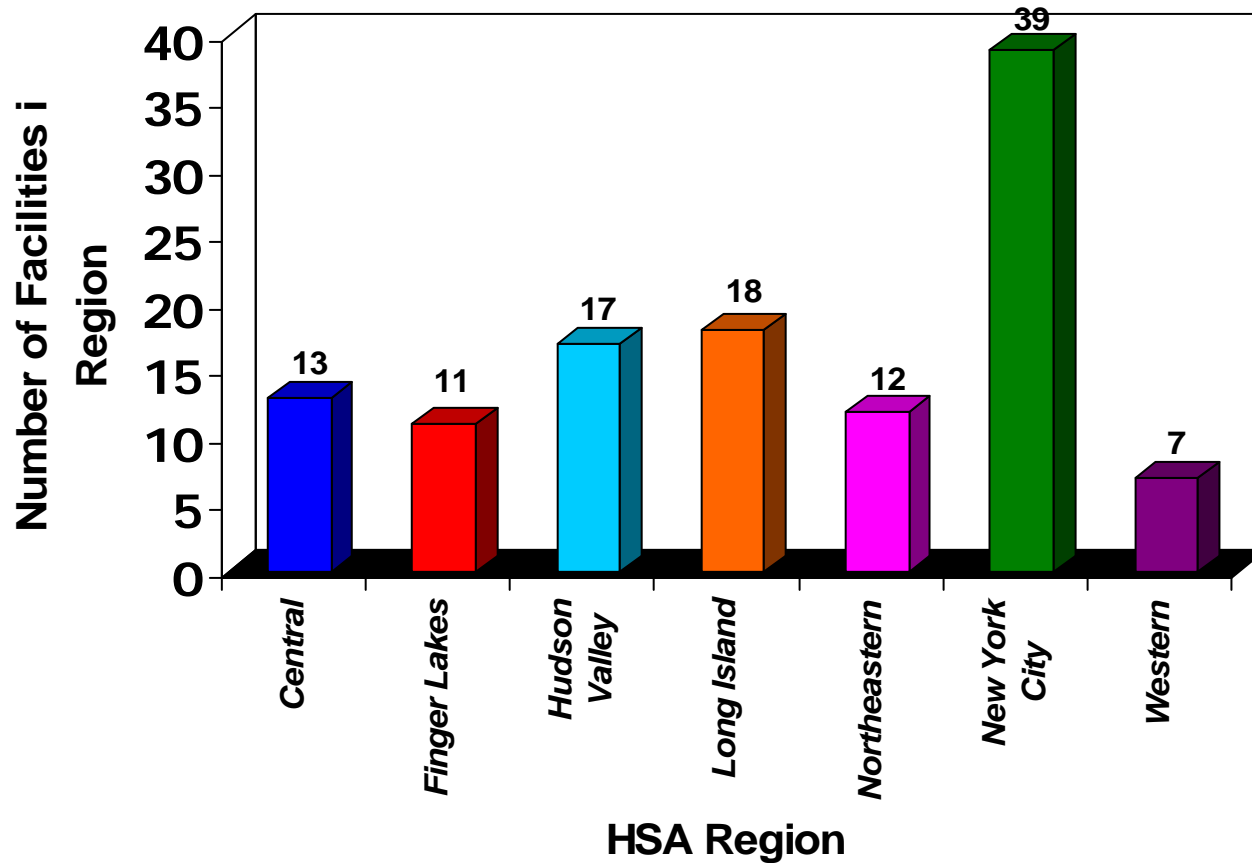
Approved Under Old and Current Regulations

□ Open	103
□ Not-Yet-Open (approved < 5 years)	<u>15</u>
■ Total	118

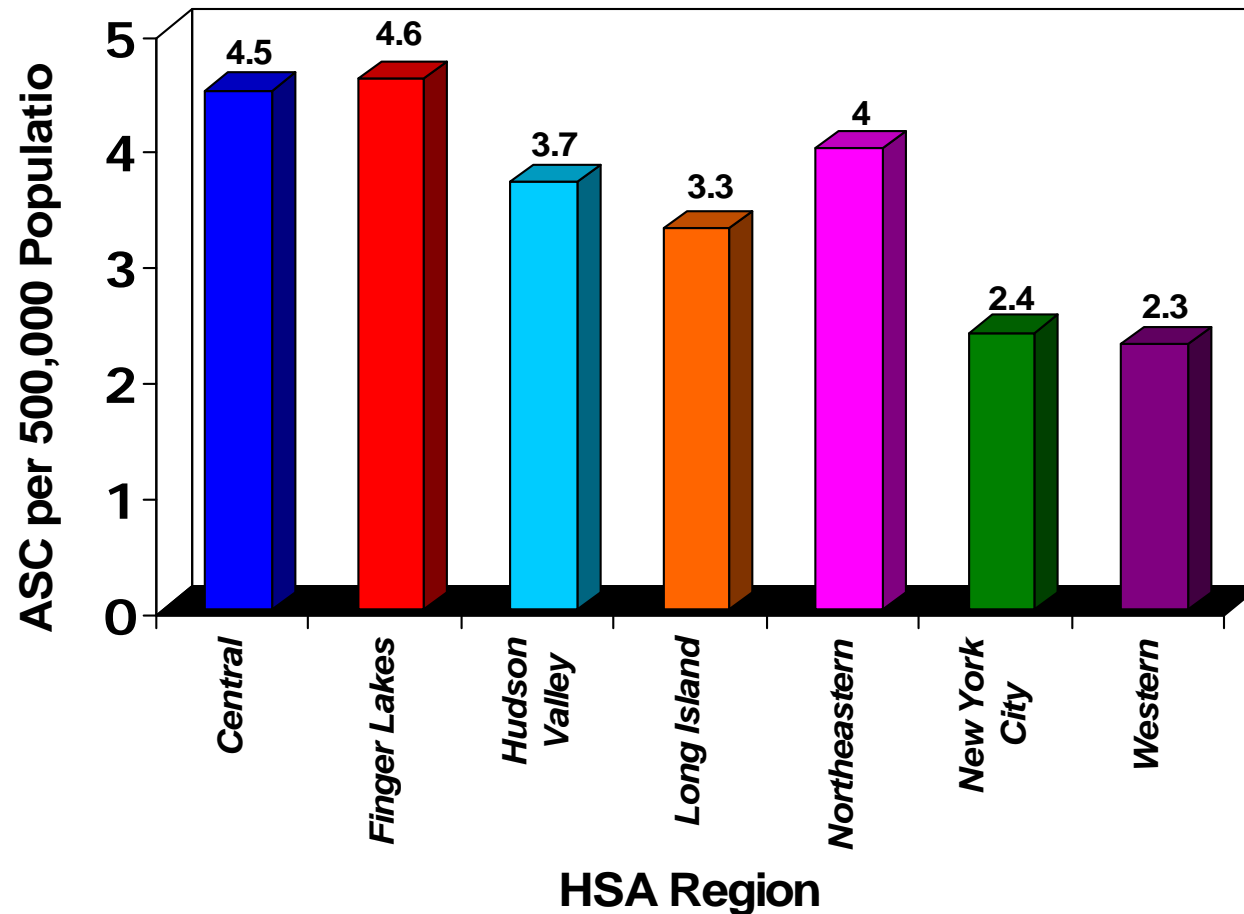
ASC's per 500,000 Population

- Before 1998 1.0
- 2008 (Open or Likely-to-Open) 3.0

ASC's Open and Likely to Open by HSA Region



ASC's/500,000 Population by HSA Region



Literature Review: Quality

- Fleisher, L.A. et al., 2007: Compared quality outcomes for ambulatory surgery in hospital-based and freestanding ASCs in New York:
 - Higher comorbidity scores in hospital-based patients in comparison with freestanding ASC patients;
 - Absence of deaths in freestanding ASCs consistent with a smaller number of procedures and lower comorbidity in ASC patients;
 - Developed a risk index to identify most appropriate setting for ambulatory surgery patients.

Quality (cont'd.)

- Chukmaitov, et al., 2007: Compared quality outcomes in ASCs and HOPDs in Florida:
 - Confirms importance of risk-adjustment for comorbidities
 - Neither ASCs or HOPDs performed better overall;
 - Appear to be some differences for unexpected hospitalization for specific procedures when risk adjusted for both primary and secondary diagnosis;
 - For certain procedures HOPD may have an advantage (e.g. colonoscopies).
 - More specialized diagnostic procedures (e.g. spinal injection for myelography) ASCs may have an advantage.

Quality (cont'd.)

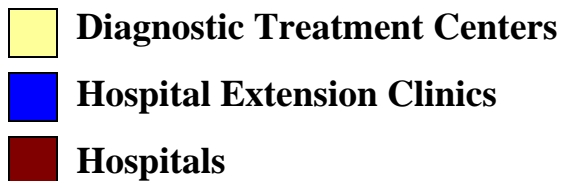
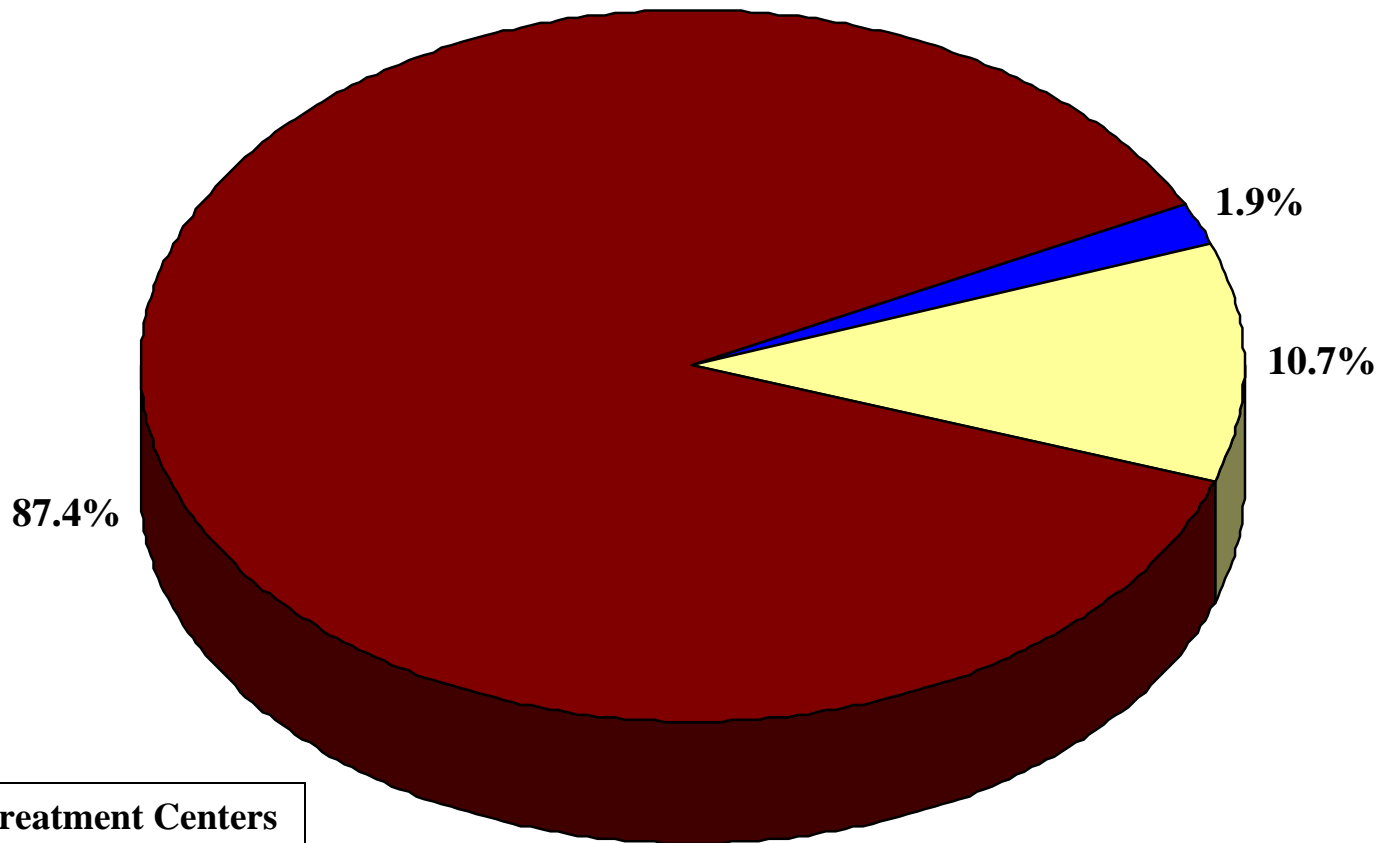
- Fleisher, L.A., et al., 2004: Compared inpatient hospitalization and death after outpatient surgery in elderly patients and found:
 - ASCs had the lowest adverse events even after controlling for patients with high risk;
 - Increased risk of hospital admission or death within 7 days of an ambulatory surgery procedure is associated with: more advanced age (85+), prior inpatient admission within the last 6 months, ambulatory surgery procedure at a physician's office or hospital outpatient department, and invasiveness of surgery;
 - Concluded physicians are properly screening patients and performing outpatient surgery in most appropriate setting given the condition of the patient and the complexity of the procedure.

Top 10 Ambulatory Surgery Procedures by Facility Setting in New York State

Source: New York State Department of Health SPARCS Data, 2007

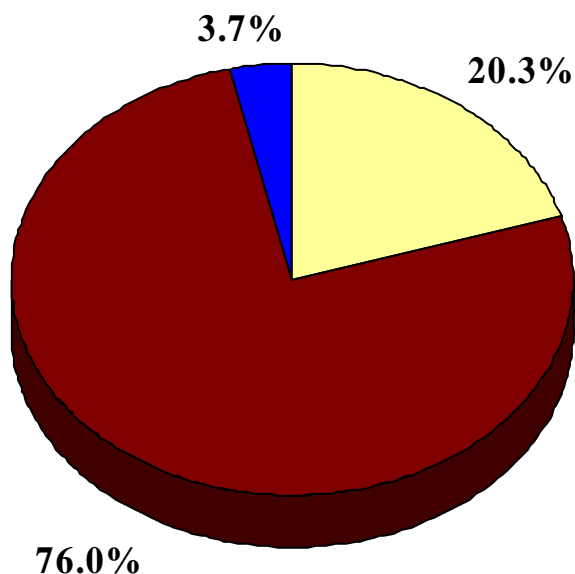
Hospitals and Hospital Extension Clinics	Diagnostic Treatment Centers
Colonoscopy and Biopsy	Lens and Cataract Procedures
Diagnostic Cardiac Catheterization: Coronary Arteriography	Colonoscopy and Biopsy
Suture of Skin and Subcutaneous Tissue	Insertion of Catheter or Spinal Stimulator and Injection into Spinal Canal
Traction; Splints; and Other Wound Care	Upper Gastrointestinal Endoscopy; Biopsy
Upper Gastrointestinal Endoscopy; Biopsy	Other OR Therapeutic Procedures on Joints
Other Vascular Catheterization: Not Heart	Abortion (Termination of Pregnancy)
Lens and Cataract Procedures	Other Therapeutic Procedures on Muscles and Tendons
Insertion of Catheter or Spinal Stimulator and Injection into Spinal Canal	Excision of Semilunar Cartilage of Knee
Excision of Skin Lesion	Other Therapeutic Procedures on Eyelids; Conjunctiva; Cornea
Other OR Therapeutic Procedures on Joints	Bunionectomy or Repair of Toe Deformities

Distribution of Ambulatory Surgery Procedures by Setting

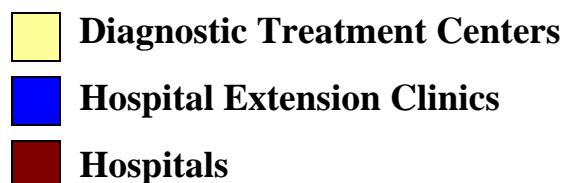
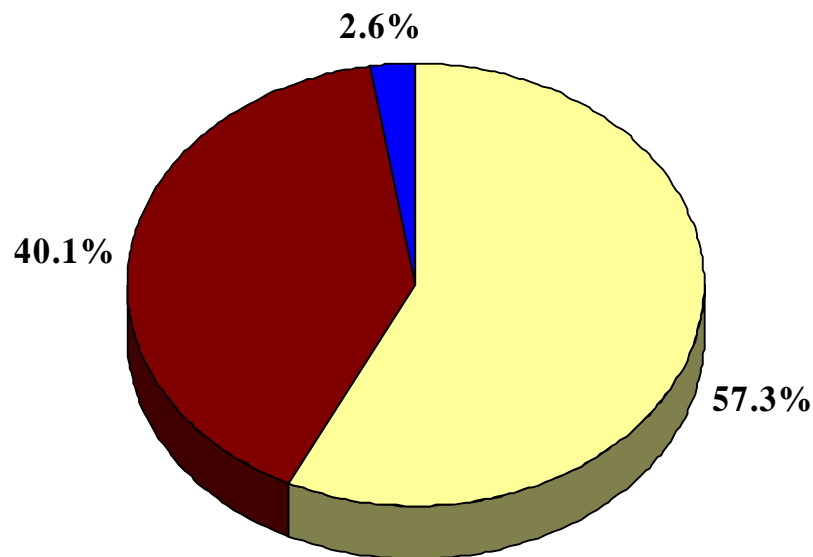


Distribution of Most Common Procedures by Facility Type

Colonoscopy & Biopsy



Lens & Cataract Procedures



Medicare Reimbursement

- 4-year phase-in beginning 1/1/08 to align ASC rates with the ambulatory payment classification (APC) groups used for hospital outpatient departments (HOPDs).
 - 2008: 75% based on 2007 rate and 25% on new methodology.
 - 2011: Full implementation of new methodology.
 - ASCs to be paid approximately 62% of hospital payment.

- Procedures predominantly performed in a physician's office: ASC rate is capped at the non-facility practice expense payment under the Physician Fee Schedule.

Medicaid Reimbursement – Hospital-Based Ambulatory Surgery and ASCs

- New APG Methodology for Hospital-Based Ambulatory Surgery and ASCs:
 - Hospital-based ambulatory surgery: Beginning 12/1/08 with full APG reimbursement.
 - Free-standing ASCs: Effective 3/1/09. Four year phase-in using a blend of existing avg. reimbursement and APG pricing.
 - Each procedure assigned to an APG group, which is weighted based on average cost.
- Final weight for each procedure on the claim is summed and multiplied by the base rate, capital is added.
- Physician services paid separately. Eff. 1/1/09 will be 50% of Medicare approved amount.

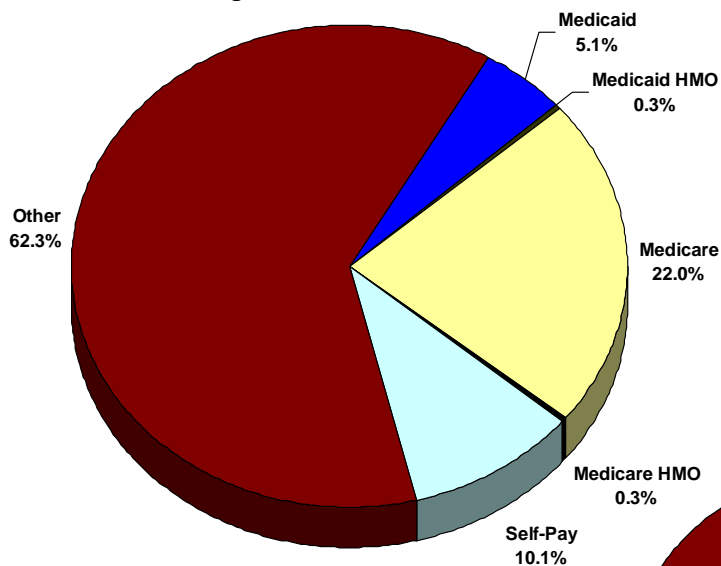


Medicaid Reimbursement - OBS

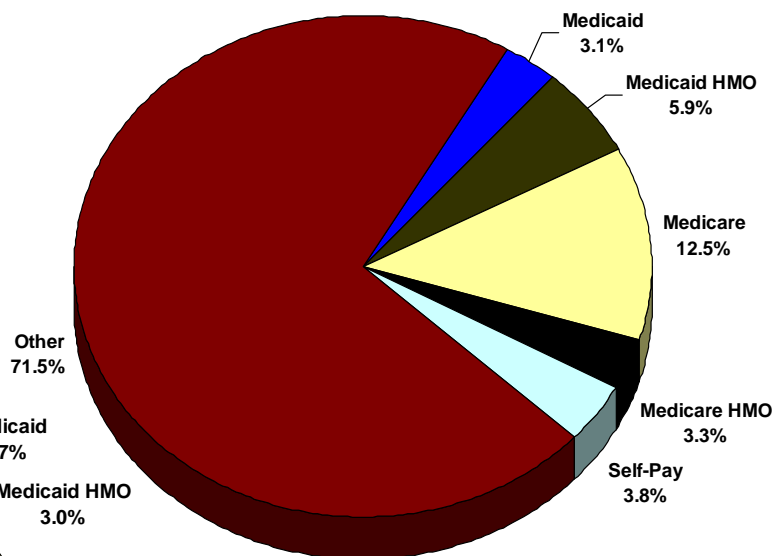
- Physician fee schedule based on CPT code.
- Eff. 1/1/09, surgery fees will be raised on average to 60% of the Medicare-approved amount.

Payer Mix by Setting (Expected Principal Reimbursement)

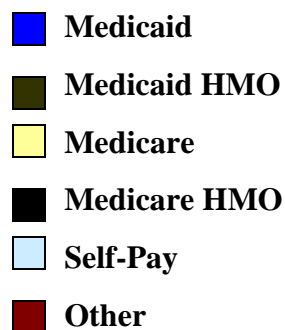
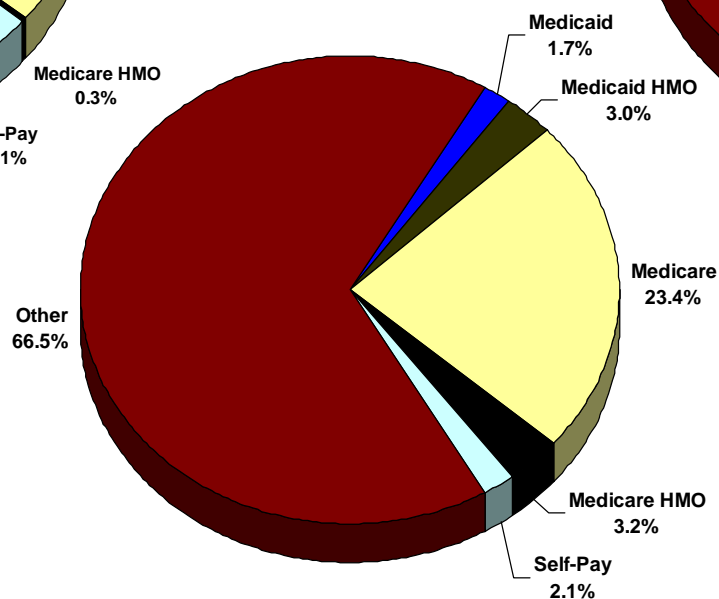
Diagnostic & Treatment Centers



Hospitals

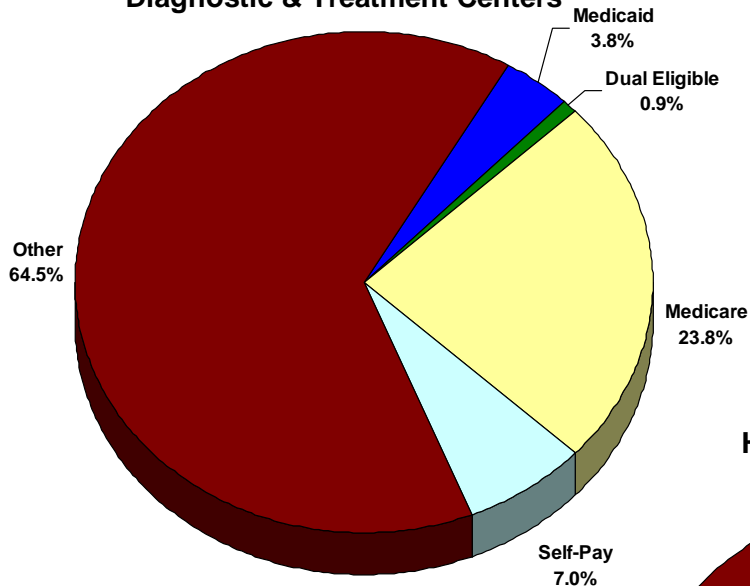


Hospital Extension Clinics

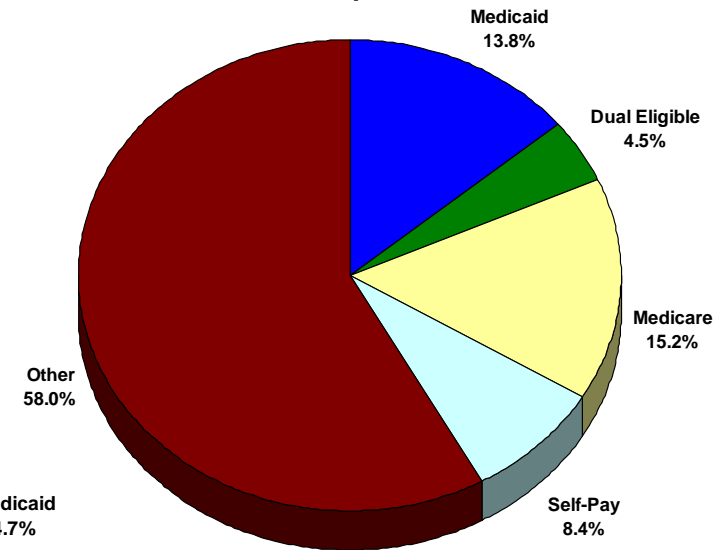


Payer Mix by Setting (Source of Payment)

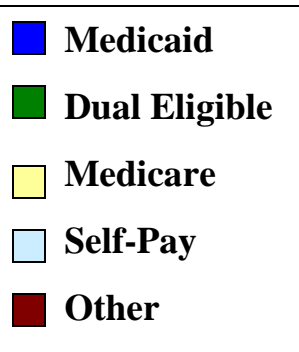
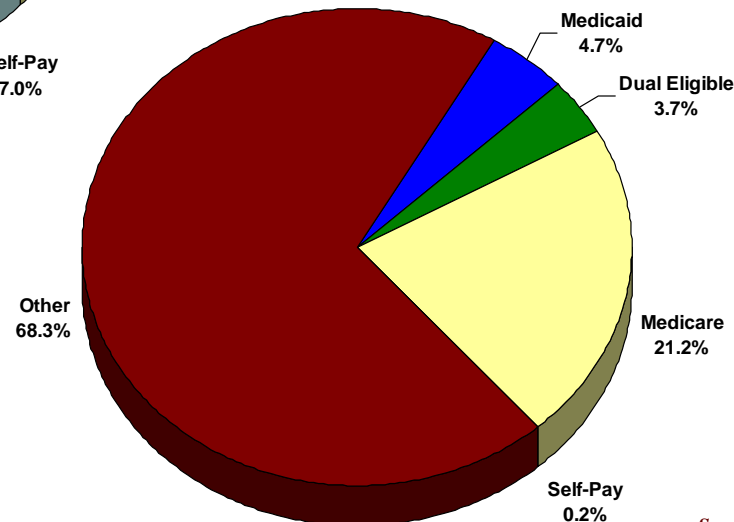
Diagnostic & Treatment Centers



Hospitals



Hospital Extension Clinics





Policy Considerations

- Access
 - Economic
 - Geographic
 - Capacity
- Cost
- Quality
- Consumer preference
- Impact on essential services and safety net providers