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## **Numbers Don't Tell True Story of Ambulatory Surgery Centers' Value**

HARRISBURG (September 28, 2011) – Recent arguments that the growth of Ambulatory Surgery Centers (ASCs) jeopardizes patient access to Medicare and Medicaid services are flawed and misleading, the Pennsylvania Ambulatory Surgery Association said Tuesday.

The Hospital and Healthsystem Association of Pennsylvania (HAP) used numbers from the Pennsylvania Health Care Cost Containment Council's (PHC4) annual report to link the growth of ASCs to the financial challenges of general acute care hospitals.

“We believe that the information that the PHC4 report contains must be examined carefully to begin to provide an accurate reflection of the true value that Pennsylvania ASCs provide,” said Pam Ertel, president of the Pennsylvania Ambulatory Surgery Association and executive director of the Reading Hospital SurgiCenter in Spring Ridge, Pa. “First, the PHC4 report clearly states that the ASC and hospital profit margin rates provided in the report cannot be compared directly because of the different methods used to calculate those statistics. For ASCs, for example, the disbursements (or salaries) that are paid to the physician owners are not counted as overhead. This would be similar to removing all staff salaries 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.

“Additionally, while it is true that hospitals service a higher percentage of Medicaid patients—11.8 percent vs. 4.5 percent for ASCs—one must consider how a patient is referred for surgery in an ASC. Historically, many Medicaid patients enter a hospital through the emergency room or clinic and end up being referred to the hospital outpatient department (HOPD) for a procedure. Most patients who have a procedure performed in an ASC are referred by a treating physician.

“Consider also that ASCs are—by design—a convenient, personalized, lower-priced alternative to hospitals. Built-in efficiencies reduce overhead,” Ertel continued. “For example, ASCs allow better control over scheduling, so procedures are not often delayed or rescheduled due to staffing issues or competing demands for operating room space from emergency cases.”

Additional points to consider:

- 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.
- Medicare currently reimburses ASCs only 56% of the rate that it pays hospitals for providing similar procedures. This payment system currently saves Medicare \$2.5 billion a year and patients even more due to reduced copays.
- Due to this cost differential, 1/3 of ASCs that have left the Medicare system in the last 2.5 years, have been bought by a hospital and converted to an HOPD, including three in Pennsylvania. This leads to 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.

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*The Pennsylvania Ambulatory Surgery Association promotes the efforts of free-standing ambulatory surgery centers in delivering cost effective, quality care to the residents of Pennsylvania.*