TESTIMONY ON HB 2522
Physician Self-Referral Legislation

Submitted by

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Pennsylvania House of Representatives
Insurance Committee

Good Morning Mr. Chairman and Representatives of the House Insurance Committee,

My name is Monica Ziegler. I am the administrator of the Surgery Center of Lebanon, DBA – the Physicians Surgical Center, an ambulatory surgery center in the heart of PA. I am also the secretary of PASA and the chairperson of the Legislative Committee. Thank you for this opportunity to speak with you about Physician Owned Ambulatory Surgery Centers across Pennsylvania and the country and how we can be a part of the solution to cost efficient healthcare.

Due to time constraints, my focus will be on how ASCs have demonstrated their contributions to the Healthcare of the people of PA and the US in 3 very distinct areas.

Intro: Ambulatory surgery centers (ASCs) are health care facilities which offer patients the opportunity to have selected surgical and procedural services performed outside the hospital setting. Since their inception more than three decades ago, ASCs have demonstrated an exceptional ability to improve quality and customer service while simultaneously reducing costs. At a time when most developments in health care services and technology typically come with a higher price tag, ASCs stand out as an exception to the rule.

1. **Quality of Care:** ASCs have a focused business, providing surgery to patients that "walk in and walk out". We have learned from the lessons of Peter Drucker in his research on "Search for Excellence" – know your specialty and do it well, ask the in put of the professionals involved; employ staff and afford them accountability for their actions. We promote limited wait times for patients, minimal infections, provide flexible scheduling, have minimal complications and have mastered the art and science of outpatient anesthesia with anesthesiologists that specialize in outpatient surgery induction and recovery. We provide care with state of the art technology & equipment and are accredited by: Dept of Health, Medicare, AAAHC or JCAHA or AAAAHC, Dept of Environmental Protection, DEA, and local agencies. Additionally many insurance companies also accredit many facilities prior to contracting with them. In many areas, ASCs are held to more stringent standards than traditional hospital settings.

   Research demonstrates: ASCs consistently perform as well as, if not better than, HOPDs (Hospital Outpatient Departments) when quality and safety is examined. A recent study included an examination of the rates of inpatient hospital admission and death in elderly patients following common outpatient surgical procedures in HOPDs and ASCs. Rates of inpatient hospital admission and death were lower in freestanding ASCs as compared to HOPDs. Even after controlling for factors associated with higher-risk patients, ASCs had low adverse outcome rates.

Personal Testimony – "How do I know":

- In our first year of operation, our ASC had 13 different inspections, passing them all.
- Outcome reporting shows a less than .01% infection rate, with only 2 known infections in nearly 5 years of operation.
- Nausea and Vomiting, a complication of anesthesia, was so low we had nothing statistically significant to measure.
- Patient satisfaction scores consistently run near 90% monthly, with a survey return rate consistently over 50%.
- Nurses, specializing in OR and outpatient care provide care to the patients.

2. **Cost Efficiency:** Not only are ASCs focused on ensuring patients have the best surgical experience possible, the care they provide is also more affordable. **[We excel at providing efficacy and efficiency of care – doing the right thing in an cost efficient/timely manner.]** One of the reasons ASCs have been so successful is that they offer valuable surgical and procedural services at a lower cost when compared to hospital charges for the same services. Beginning in 2007, Medicare payments to ASCs were lower than or equal to Medicare payments to HOPDs for comparable services for 100 percent of procedures.

Fact: As of 2008, Medicare paid ASCs only 63% of what HOPDs received for providing the exact same services. For 2009, it was estimated that ASC were reimbursed only 59% of HOPD reimbursement for the same services.

Additionally, **patients typically pay less coinsurance for procedures** performed in an ASC than for comparable procedures in the hospital setting. For example, a Medicare beneficiary could pay as much as $496 in coinsurance for a cataract extraction procedure performed in a HOPD, whereas that same beneficiary's copayment in the ASC would be only $195. By having surgery in the ASC the patient may save as much as 61%, or more than $300, compared to their out-of pocket co-insurance for the same procedure in the hospital.

Administrators, physicians and staff will tell you that efficiency in delivery processes facilitate our ability to provide cost efficient care. We provide flexibility of scheduling and our room turnover averages less than 5 minutes compared to hospital turnovers of 30-45 minutes. Supplies are either necessary or eliminated; prices are negotiated constantly with suppliers. Facility size matches need - to manage overhead costs.

What does this mean to you as legislators?

If hospitals generated $12,000,000,000 in revenue from HOPD procedures on medicare and medical assistant patients in PA, in a year – performing those same procedures in an ASC would have saved almost $5,000,000,000.

3. Thus, the last and most critical point – **ACCESS to Care for all patients – including the indigent patients. (Despite the controversy "on the streets", we/ASCs do take care of Medicare and Medical Assistance patients, those with special low paying or capped insurances; we care for self-pay patients and offer them a significant discount; we write off co-pays of those on the poverty scales and at our center we participate in a program called Mission Cataract, where every year we provide free cataract surgery to those in need in surrounding areas.)**

In this informational era, where patients are informed and given choices and are encouraged to participate in their care, **ASCs are allowing patients to have procedures in a timely manner that are convenient and affordable with quality outcomes**. The self-referral act as written has the opposite affect, it will DENY patients access to the best in QUALITY AND EFFICIENCY, AND AFFORDABILITY for outpatient services. **I believe that PA should be a leader in promoting access to affordable, quality care for all.**

We should join ranks with the rest of the country in promoting transparency of costs so that informed patients can make individual choices. We should also be leading the efforts to allow more procedures on the Medicare list to be approved for ASCs - recognizing the efficiency of lesser costs to payors and patients by expansion of the approved list. Just as there are **NO OTHER states in the US that prohibit physician ownership/referral to ASCs in which they are invested, it is time for PA to promote opportunities for all, patients and providers.**

It is the goal of every ASC: to provide patients with excellent care at reasonable prices; to create an environment that allows for nearly 100% patient satisfaction each and every visit; to minimize wait times for patients and allow for equal access to care; and, to improve the quality of life of physicians, thus, supporting Pennsylvania's retention and recruitment of quality physicians.

We believe that ASCs are one of the key solutions to healthcare reform, allowing all persons access to quality, affordable healthcare.

Thank you for this opportunity to address your committee.

Respectfully Submitted,

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