



PENNSYLVANIA
AMBULATORY SURGERY
ASSOCIATION

ADVOCACY | EDUCATION | REPRESENTATION

WHAT IS AN AMBULATORY SURGERY CENTER (ASC)?

Ambulatory Surgery Centers (ASCs) – sometimes called surgicenters – annually provide over a million Pennsylvania patients with access to convenient, high-quality, cost-effective, community-based outpatient surgical care, including diagnostic and preventative procedures. ASCs are modern healthcare facilities that have transformed the outpatient experience. They have high patient satisfaction, meet high-quality standards and invest in the latest technologies for improving healthcare at lower costs. Moreover, ASCs have a very low infection rate compared to hospitals and therefore eliminate the need for readmissions that occur with hospitals. ASCs save Medicare billions of dollars each year and save beneficiaries millions. They also save patients, insurers, employers and the Commonwealth millions of dollars through significantly lower procedure costs, co-payments and deductibles.

Part of the cost-savings associated with surgery centers is that they are specialized and tailored to specialties and the specific needs of their patients. By specializing in specific procedures, ASCs are able to maximize efficiency and quality outcomes for patients. A sampling of the care provided in these specialty and multi-specialty surgery centers includes:

- *Gastroenterology (endoscopies, colonoscopies, etc.)*
- *Breast care*
- *Podiatry (foot care)*
- *Otolaryngology (ear, nose, throat care)*
- *Digestive health*
- *Ophthalmology (eye care - LASIK, cataract surgery, etc.)*
- *Urology (prostate, bladder, etc.)*
- *Dermatology*
- *Oral surgery (dental, facial trauma, etc.)*
- *Nephrology (kidney care)*
- *Orthopaedic (sports injury, spine, etc.)*
- *Pain and rehabilitation (alternative to opioids for patients with chronic pain)*
- *Children (centers that are specific to children)*

Not only do procedures at ASCs cost less, a large percentage of the procedures are preventative in nature and reduce the severity, duration and expense of patient care over time — providing early diagnosis, treatment and important cost savings to insurers, Medicare, patients and taxpayers alike.

ASCs also directly employ thousands of nurses, surgical technicians and other ancillary staff. They are an asset to our community and contribute millions to our state economy each year.

The majority of ASCs operate as small businesses. They have different organizational structures and tax status than non-profit hospitals. For example, they pay property taxes and sales and use taxes. They meet the same high-quality standards as hospitals and are reimbursed roughly 50-60% less for the same procedures performed in a hospital. ASCs need sufficient income to improve their facilities and specialized equipment. Such improvements are necessary to replace worn out or obsolete equipment, keep pace with changes in medical technology, and meet a community's changing healthcare needs – all of which are innovative approaches to lowering healthcare costs.

ASCs also enable physicians, surgeons and other healthcare providers to remain in independent practice, something that is critical to the state's healthcare delivery system.

WHAT IS IN THE GOVERNOR'S PROPOSED BUDGET?

The governor's budget proposes a **NEW** tax on Surgery Centers.

A tax on Net Patient Revenue would be an additional tax before operating expenses are deducted (i.e., payroll, rent, supplies, pharmaceuticals, taxes, etc.).

The tax would be a tax on top of other taxes (i.e., property, sales and use, income taxes) already being paid by these businesses, the majority of which are small businesses.

WHAT IS THE IMPACT OF THE GOVERNOR'S PROPOSED TAX ON SURGERY CENTERS?

The additional tax burden on surgery centers would come at a significant cost. A 3-4 % tax on Net Patient Revenue would mean an **additional tax burden of over \$100,000 or more for the majority of community-based surgery centers in the state.**

It has been suggested that a tax on surgery centers will shift more Medical Assistance patients to the ASC setting. THAT IS A MISCONCEPTION. Contrary to belief, there are ASCs that currently care for Medical Assistance patients. In fact, statewide, MA was the payer for 7% of outpatient procedures at ASCs compared to 14% at hospitals. For some surgery centers, MA accounts for over 30% of the payer. ASCs are also utilized as part of the Medicaid expansion that has occurred in Pennsylvania and are an avenue of cost-savings to the system, without any additional type of incentive from the government. But, keep in mind that each surgery center is unique in the specialized services they provide and their location. They serve the demographic where they are located. Also, keep in mind that the payer mix is critical for these businesses to sustain and operate effectively given the widening disparity in reimbursement that ASCs receive for the same procedures performed in hospitals, across all payers. Moreover, not every patient is the right candidate for a surgery center based on their medical history and physical status.

WHAT WILL HAPPEN? This new healthcare tax will force ***over a quarter of these surgery centers to operate at a loss.*** They may have no other choice than to cut back on investment, cut back on services or close. If the tax is enacted, the result will dramatically decrease patient access to quality, affordable community-based healthcare in Pennsylvania. Healthcare costs will most certainly rise; patients will pay the price. ***The tax will likely shift patients into the more costly hospital setting, and because of the lack of convenience, more patients may forgo preventative healthcare procedures.***

Surgery Centers also provide jobs! They directly hire thousands of nurses, surgical technicians, anesthesia personnel, ancillary staff, secretaries, and administrators. They provide indirect jobs for other industry services, along with other local businesses who help maintain the facility. These jobs will also be at stake.

Businesses should NOT be penalized for making the healthcare system more efficient and medical services more affordable.

PENNSYLVANIA SHOULD BE ENCOURAGING ASCs – NOT TAXING THEM OUT OF THE MARKET!

OPPOSE TAX ON COMMUNITY BASED SURGERY CENTERS
PENALIZING BUSINESSES THAT MAKE HEALTHCARE MORE EFFICIENT AND AFFORDABLE

TWO DIFFERENT MODELS: THIS IS NOT AN APPLES TO APPLES COMPARISON

AMBULATORY SURGERY CENTER (ASC)	HOSPITAL
PROVIDER TAX = JUST A TAX; INCREASED HEALTHCARE COSTS, DECREASED ACCESS TO CONVENIENT HIGH-QUALITY HEALTHCARE SERVICES, LOST JOBS, LOST ECONOMIC ACTIVITY	PROVIDER TAX = LEVERAGES FEDERAL DOLLARS THAT ARE DRIVEN BACK TO HOSPITALS; RECEIVE HIGHER REIMBURSEMENTS
85 PERCENT FOR-PROFIT	77 PERCENT NON-PROFIT
➤ PAY PROPERTY TAXES	➤ TAX-EXEMPT
➤ PAY SALES AND USE TAXES	➤ ENDOWMENTS
➤ PAY CNIT/INCOME TAX	➤ CHARITABLE CONTRIBUTIONS
MAJORITY ARE SMALL BUSINESSES	➤ GRANT DOLLARS
REIMBURSED SIGNIFICANTLY LESS (50-60%) FOR SAME PROCEDURES IN ALL MARKETS, REGARDLESS OF PAYER	➤ DISCOUNTS/GREATER PURCHASING POWER
SIGNIFICANT COST-SAVINGS FOR PATIENTS, INSURERS, EMPLOYERS AND STATE/TAXPAYERS	➤ GREATER NEGOTIATING POWER WITH INSURANCE
➤ SAVE MEDICARE \$2 BILLION ANNUALLY	
➤ SAVE COMMERCIAL HEALTH INSURANCE \$38 BILLION ANNUALLY	
LOWER PATIENT CO-PAYS AND DEDUCTIBLES	
➤ PENNSYLVANIA PATIENTS SAVED OVER \$17 MILLION IN OUT-OF-POCKET EXPENSES FOR COLONOSCOPIES ALONE IN 2014	
ENABLE HEALTHCARE PROVIDERS TO REMAIN IN INDEPENDENT PRACTICE	
NOT EVERY PATIENT IS RIGHT CANDIDATE FOR SURGERY CENTER	
➤ PATIENTS ARE CLASSIFIED BY PHYSICAL STATUS AND MEDICAL HISTORY	
➤ PATIENTS CANNOT BE HIGH-RISK NOR HAVE COMORBIDITIES	