

American Association of



Ambulatory Surgery Centers

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June 16, 2004

The Honorable J. Dennis Hastert
Speaker of the House of Representatives
235 Cannon House Office Building
Washington, DC 20515

Dear Speaker Hastert:

I am writing as President of the American Association of Ambulatory Surgery Centers to call your attention to an important recent recommendation from the Medicare Payment Advisory Commission (MedPAC) concerning ambulatory surgery centers (ASCs) that, if implemented, could save the Medicare program and beneficiaries millions of dollars annually and improve beneficiary choice.

AAASC is a professional medical association of physicians, nurses, and administrators who specialize in providing surgical procedures in cost-effective outpatient environments, primarily in Medicare-certified ASCs.

ASCs offer Medicare beneficiaries patient-friendly, cost-efficient, and high-quality alternatives for surgical services, and save the Medicare program hundreds of millions of dollars each year. Medicare payments to ASCs for outpatient surgical procedures are usually substantially lower than payments to hospitals (both on an inpatient and outpatient basis), which means that both the program and beneficiaries pay less for surgical procedures. Additionally, the beneficiary's copayment percentage is fixed at 20 percent in the ASC setting, but fluctuates for procedures received in the hospital setting, and could reach as much as 50 percent of the total cost of the procedure. As such, beneficiaries save further in the ASC setting with lower copayments. Moreover, ASCs have brought the benefits of competition to the entire outpatient surgery market: the opening of an ASC in a particular area has frequently been followed by a significant reduction in the charges of local hospitals for outpatient surgery, as well as increased attention on the part of the hospitals to quality of care and patient satisfaction.

In its March 2004 Medicare Payment Policy Report to Congress, MedPAC recommended,

"After the ASC payment system is revised, the Congress should direct the Secretary to replace the current list of approved ASC procedures with a list of procedures that are excluded from payment based on clinical safety standards and whether the service requires an overnight stay."

In other words, MedPAC is recommending that instead of identifying procedures that are, in CMS's opinion, suitable for the ASC setting based on a set of obsolete criteria, CMS should maintain a list of procedures that will not be covered when furnished in the ASC setting.

MedPAC's recommendation is significant for several reasons. First, it would mean that **beneficiaries could choose the ASC setting for a broader range of procedures**. Current law requires CMS to update the list biannually. Despite this statutory mandate, CMS updated the list in 1995, and then not again until 2003. Because of CMS's neglect, hundreds of procedures that have been developed or improved in recent years that are now suitable for the ASC have been left off the list of approved procedures, thereby denying beneficiaries the option to choose the ASC setting for these procedures. An exclusionary list would better enable the list of ASC-approved procedures to keep pace with technological advancement.

Second, it would mean **less work for CMS**. CMS has neglected its obligations to update the list of ASC-approved procedures in part because of competing demands and limited resources within the agency. Maintaining an exclusionary list would require fewer CMS resources.

Finally, it would create **more consistency between the Medicare ASC and hospital payment systems**. CMS uses an exclusionary approach to identifying procedures that are suitable to furnish on an outpatient basis in the hospital. CMS could use the same approach, and perhaps even the same list, when identifying procedures for the ASC setting.

AAASC hopes that Congress will urge CMS to embrace MedPAC's recommendation. If you have any questions concerning this matter, please call me or AAASC's Washington Counsel, Michael Romansky, at 202-756-8069.

Sincerely,

A handwritten signature in blue ink that reads "David Shapiro MD". The signature is stylized and includes a small "MD" at the end.

David Shapiro, MD
President

cc: Michael Romansky, Esq.