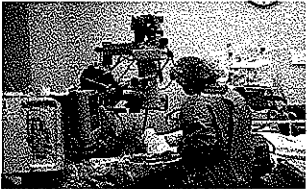



Ambulatory Surgery Centers
Partners in Safe and Cost-Effective
Health Care in Colorado
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www.cascacolorado.com



ASC Benchmarks

- Quality Care & Improved Outcomes
- Cost Savings
- Patient Safety / Infection Control
- Patient Satisfaction
- Opportunity for Medicaid Savings




2008 CASCA QRI Findings

- 1/25th of 1% of patients experienced an ASC-acquired infection: This is significantly lower than any other providers
- Fewer than 0.03% of ASC patients experience an unplanned return to surgery or an emergency room visit.
- Fewer than 1% of ASC patients have an unplanned transfer to an overnight care facility.
- Most CO ASCs have 1 nurse for every 2 patients

According to the QRI study, 68.5% of Colorado ASCs provided patient care that they did not expect to be compensated for, and more than half do not account for such care in their financial statements.


Source: 2008 CASCA Quality Research Initiative



Additional Results from CASCA's 2008 Quality Research Initiative

Patient Satisfaction

- 96% of CO ASCs conduct patient satisfaction surveys
- 95% of patients report a positive experience




56% Savings to Beneficiaries

Five Highest Volume ASC Procedures

Procedure Code	Procedure Name	2007 National Medicare Rate	2009 Medicare Rate	% Savings
66984	Cataract Surg w/ol, 1 Stage	\$465.96	\$192.94	61%
43239	Upper GI Endoscopy, Biopsy	\$143.38	\$78.41	45%
45378	Diagnostic Colonoscopy	\$186.06	\$79.77	57%
45380	Colonoscopy and Biopsy	\$185.06	\$79.77	57%
66821	After Cataract Laser Surgery	\$104.31	\$51.72	50%

Note: Savings based on 2009 national Medicare rates weighted by 2007 Medicare ASC case volume data for top 5 procedures. Co-pay amounts are national unadjusted rates.



Examples of Medicare/Medicaid Patients Served in Colorado ASCs

Harmony Surgery Center - Fort Collins, CO
 Medicare - 26% ; Medicaid 2-3%
 HSC utilizes the CIP sliding scale for individuals; about 2%


Surgery Center of Fort Collins - Fort Collins, CO
 10.1% Medicare 6.7% Medicaid
 Does not perform GI or eye surgery so fewer MCR patients.

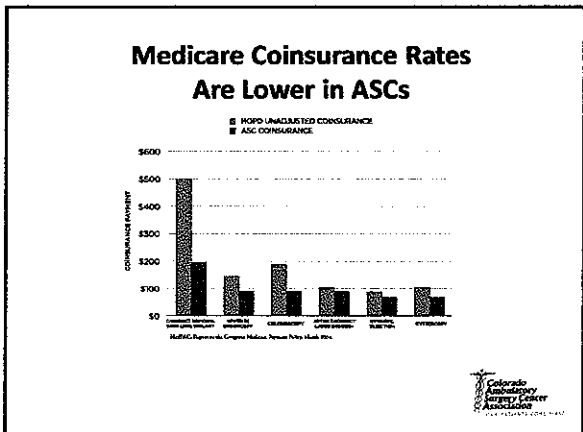
Audubon Surgery Center Colorado Springs, CO
 Medicare= 29.1%, Medicaid= 1.5%

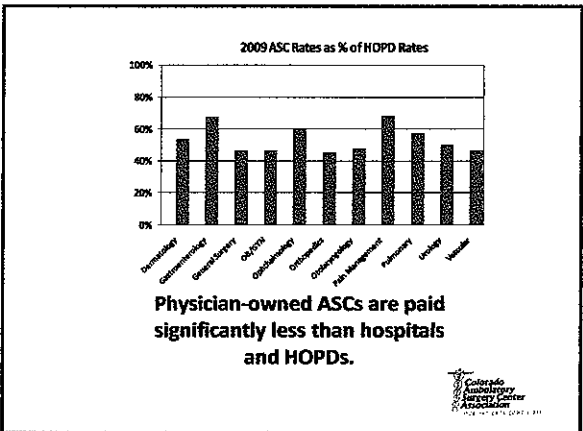
Rocky Mountain Endoscopy Centers - Front Range
 Medicare = 25%, Medicaid 2% . Provide services at Medicare rates to patients who do not qualify for Medicaid but meet the eligibility guidelines for the Colon Cancer Prevention Program run by the University of Colorado.

Pueblo Surgery Center - Pueblo, CO
 Medicare = 28%, Medicaid = 9%.

**ASCs are reimbursed 59% of Medicare for the same procedure.
 Hospitals get tax-exempt bond status and federal subsidies to treat the indigent.**







Medicaid and ASCs

- Moving volume to ASCs from HOPDs could result in savings to the Medicaid program. Medicare's payments to ASCs were at 86.5 of HOPD in 2003. Several subsequent policy changes lowered ASCs payments even further relative to the HOPD.
- Moran Study established that more than \$1.3 billion could be saved annually if more Medicare patients were allowed access care at ASCs. CMS approved an additional 800 procedures.
- These numbers could translate to savings for state Medicaid systems using demonstration models for initial data.

Source: An Analysis of Recent Growth of Ambulatory Surgery Centres, Final Report, by RWG Health Consulting LLC, June 2009.

Colorado Ambulatory Surgery Center Association
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Future Demand

A recent analysis on the impact of the aging population on the demand for surgical services forecasted **growth in demand by the year 2020 from 14 to 47 percent** depending on specialty. Declining physician populations will make meeting these needs a challenge.¹

Potential Solutions :

- Increasing # of surgical residency positions.
- Increasing surgeon workloads.
- Improving surgeon efficiency.

Utilizing ASCs, which allow physicians to practice efficiently, will help mitigate the impact on the Medicare/Medicaid population.

1. Estroff DA, Liu DK, Maggard MA, Ko CY. The aging population and its impact on the surgery workforce. *Ann Surg*. 2003 Aug;238(2):170-7.



Challenges in Serving Medicaid Patients

- Many Medicare patients are ill; ASA class 3 non-stable, or ASA class 4, and therefore can not be treated in an ASC and must be treated in an acute care facility.¹
- Medicare has very restrictive rules that patients cannot stay overnight in an ASC . This is a major limiting factor in performing surgery on Medicare and Medicaid patients in ASCs.
- Many Medicare patients are already ill and remain in a hospital because of other health issues. If surgery is indicated, the procedure is conducted in the hospital. This factor, for example, increases the number of Medicare cases for the Acute Care Hospital vs. an ASC.

¹ ASA ratings are Physical Status Classifications of the American Society of Anesthesia



Hospital and ASC Case Comparables

In summary, comparing Medicare cases conducted by Hospitals and those in ASCs is inappropriate in that such factors skew values toward the hospitals.

For more accurate comparisons, eliminate from the Hospital Medicare numbers:

- > All ASA class 4 and unstable ASA class 3 patients.
- > All surgeries conducted on Medicare patients who are in-patients.
- > All cases that require overnight stay.

The resulting number is one which could appropriately be compared with ASC Medicare patients.



CASCA Policy Recommendations

➤ **Create a demonstration program** where Medicaid patients are directed to ASCs.

➤ **Expand the number of Medicaid procedures to be performed at ASCs and increase reimbursement rates.**

Continue CDPHE support for convalescent care regulations.

➤ **Critically review and revise regulatory efforts that increase operating costs for ASCs.**

➤ **Implement real insurance reform;** companies need to contract with *all* qualified Colorado ASCs.

➤ **Support federal initiatives to increase ASC reimbursement rates, including reimbursements for medical devices/implants.**



➤ **Provide uniform means of measurements to allow appropriate cost and outcome comparables between hospitals and ASCs.**

Ambulatory Surgical Centers (ASCs)

• **Integral component of U.S. healthcare delivery system**

- 40% of outpatient surgeries performed in ASCs
- Patient access through over 5,000 facilities in nearly every state

• **High quality care**

- Superior patient outcomes
- Low infection rates
- Comprehensive regulatory standards
- 92% patient satisfaction

• **Committed to transparency**

- Worked with CMS to develop quality measures
- Voluntary public reporting of outcomes data at www.ascquality.org

• **Savings opportunity**

- 56% savings to beneficiaries; 41% savings to Medicare
- Shifting just 50% of outpatient procedures from hospitals to ASCs would save Medicare an additional \$2.3 billion