





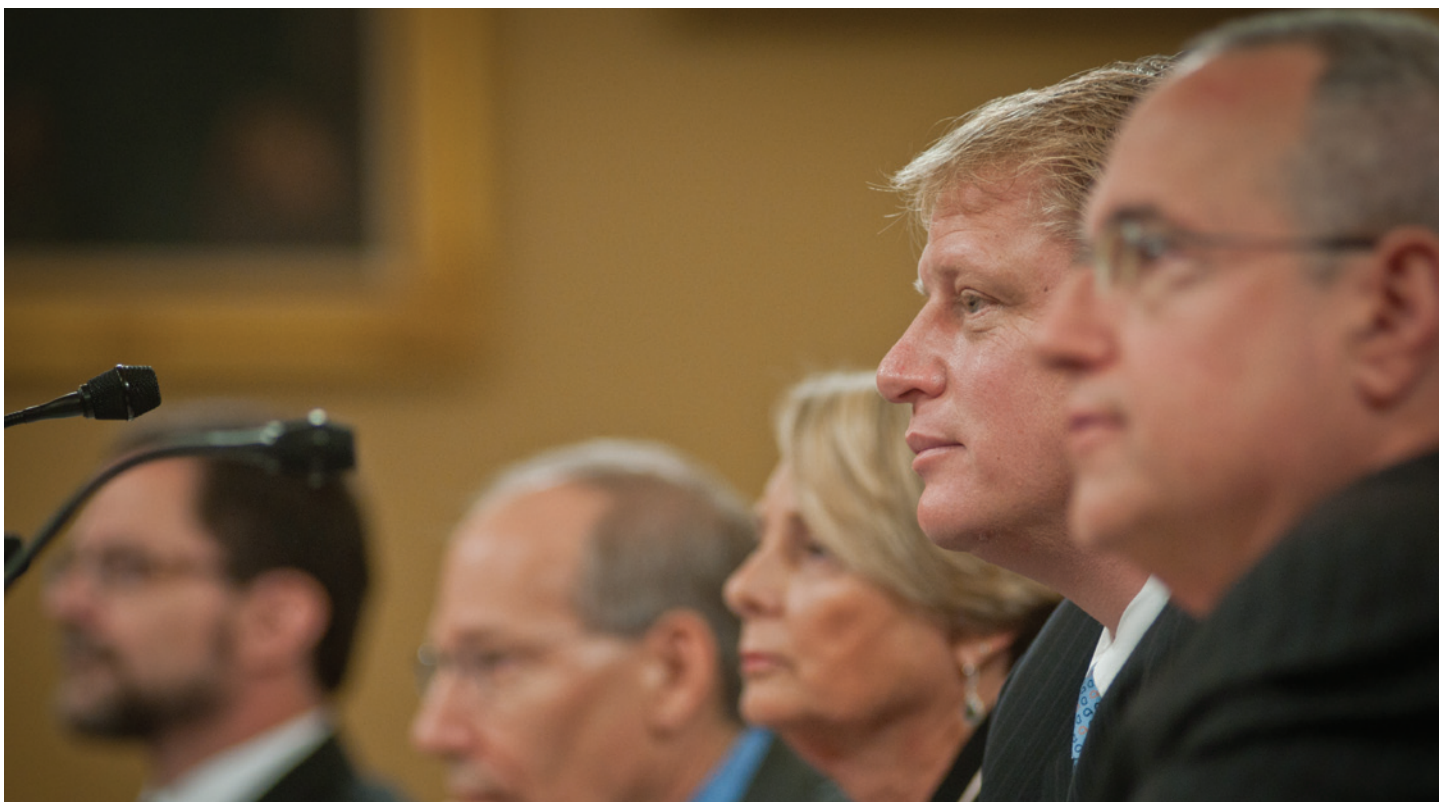
ASCA Testifies

before House Ways and Means Health Subcommittee

Speaking on ASCA's behalf, ASCA Board Member Mike Guarino testified before the US House of Representatives Ways and Means Health Subcommittee in September at a hearing convened to examine the effects of consolidation in the health care industry.

“In theory, consolidation may bring efficiencies to the market by reducing excess capacity and duplication,” Guarino told the subcommittee. “However, I have seen first-hand that consolidation can also be anti-competitive and may result in virtual monopolies in certain markets where patients are funneled into higher cost settings.”

Photo: Members of the House Ways and Means Health Subcommittee



ASCA Board Member Mike Guarino (second from right) with others who testified before the committee

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Because ASCs currently receive approximately 56 percent, on average, of what Medicare pays hospital outpatient departments (HOPD) for providing identical services, Guarino noted, ASCs currently cut Medicare costs by about \$2.55 billion per year. “We stand ready to work with the Ways and Means Committee and Congress to reduce Medicare outpatient surgery costs even further,” he added. “For example, if just 50 percent of the cases performed in an HOPD, that are eligible to be performed at an ASC, were transitioned to an ASC setting, Medicare would save an additional \$20 billion over 10 years.”

Because of the growing disparity in the payments that ASCs and hospitals receive, Guarino continued, there are now growing payment incentives to treat patients in HOPDs rather than in the more economical ASC setting. These incentives may be encouraging hospitals to start acquiring and converting ASCs into HOPDs.

To demonstrate his point, Guarino referenced an analysis of ASC closures that ASCA conducted recently. The data from that analysis show that about one-third of the 179 ASCs that have closed since 2009 did so after being purchased by hospitals and converted to HOPDs. In 2011, findings are on pace to reach a rate of about 40 percent for the year. Guarino also described his own personal experience with the ASC-to-HOPD conversion trend, explaining that numerous hospitals have offered to buy ASCs he operates in both New York and Florida and that virtually all of his referring physicians have been invited to sign agreements with hospital systems that would prevent those physicians from referring cases to facilities outside those systems.

Medicare and Its Beneficiaries Can Achieve Substantial Savings in ASCs

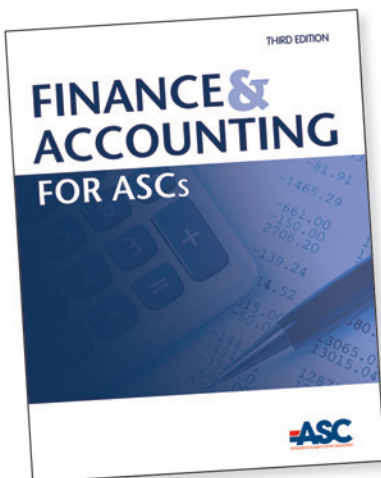
HCPCS	Description	Patient Copayment		Total Procedure Cost	
		ASC	HOPD	ASC	HOPD
66984	Cataract surg w/iol, 1 stage	\$190.57	\$488.94	\$952.83	\$1,667.18
43239	Upper gi endoscopy, biopsy	\$66.49	\$136.33	\$332.43	\$581.65
45378	Diagnostic colonoscopy	\$73.94	\$186.06	\$369.70	\$646.88
45380	Colonoscopy and biopsy	\$73.94	\$186.06	\$369.70	\$646.88
45385	Lesion removal colonoscopy	\$73.94	\$186.06	\$369.70	\$646.88
66821	After cataract laser surgery	\$44.28	\$104.31	\$221.39	\$387.37
64483	Inj foramen epidural l/s	\$59.89	\$104.80	\$299.46	\$523.98
66982	Cataract surgery, complex	\$190.57	\$488.94	\$952.83	\$1,667.18
45384	Lesion remove colonoscopy	\$73.94	\$186.06	\$369.70	\$646.88
29881	Knee arthroscopy	\$233.47	\$408.52	\$1,167.37	\$2,042.58
63650	Implant neuroelectrodes	\$701.35	\$871.77	\$3,506.75	\$4,358.81
29827	Arthroscop rotator cuff repr	\$384.49	\$804.74	\$1,922.43	\$3,363.71

“What will be the impact on Medicare when these acquisitions occur?” Guarino asked. “Beneficiaries will pay substantially higher copayments for their outpatient surgical procedures.” As an example, Guarino pointed to a patient who would see her insurance copayment of \$191 for cataract surgery performed at an ASC spiral

to \$489 if she were to undergo the procedure at an HOPD. Similarly, the Medicare payment for a colonoscopy and biopsy would nearly double from \$370 to \$647. (See more in the chart above).

While acknowledging that issuing certificates of need is done at the state, not the federal level, Guarino reminded those assem-

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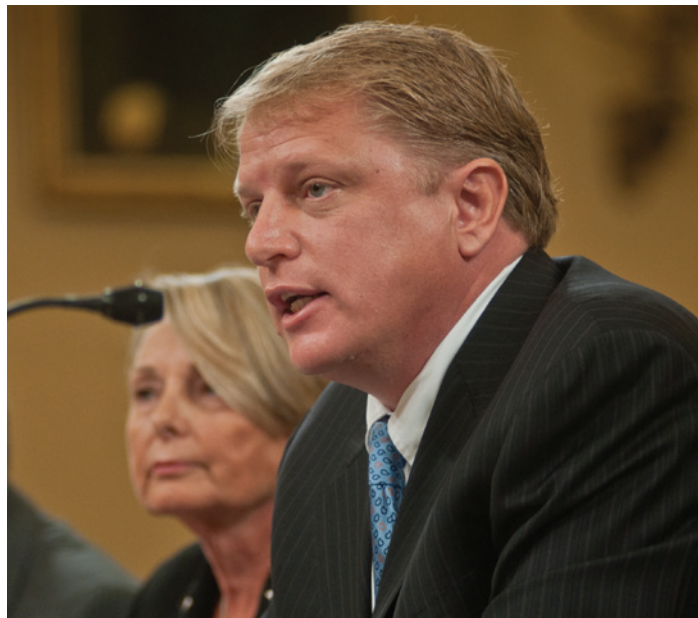
Watch a video of Guarino's testimony before the House Ways and Means Health Subcommittee through the link available on ASCA's web site at www.ascassociation.org/GAUpdate128.html.

bled that "Congress has the obligation to ensure that Medicare policy and health policy effective in the private sector provides the proper incentives to provide high quality health care at the most economical price."

To meet that charge, Guarino recommended that Congress should

- implement quality and cost-share reporting across all health care settings so that patients can obtain the information they need to make health care decisions based on quality and cost,
- ensure that ASC payment updates keep pace with those paid to hospitals for the same services to ensure that "ASCs can remain viable alternatives for patients," and
- provide strong oversight of accountable care organizations to ensure that they "do not impede competition, lead to higher costs or inhibit patient choice."

Guarino concluded by saying that the ASC industry is prepared to work with the Subcommittee, Congress and the Centers for Medicare & Medicaid Services to reduce health care costs while improving patient outcomes. **ASC**



Guarino testifies

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