



May 19, 2021

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250 Washington Street  
Boston, MA 02108

Lara Szent-Gyorgyi  
Director, Determination of Need Program  
Massachusetts Department of Public Health  
250 Washington Street, 6th Floor  
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Dear Director Szent-Gyorgyi,

Thank you for the opportunity to share the position of the Massachusetts Association of Ambulatory Surgery Centers (MAASC) on Mass General Brigham's (MGB) application for a Determination of Need for ambulatory surgery centers in Westborough, Weston and Woburn.

The Massachusetts Association of Ambulatory Surgery Centers (MAASC) is the only organization in the Commonwealth of Massachusetts devoted solely to promoting the interests of freestanding ambulatory surgical centers. The MAASC represents the majority of licensed freestanding ASC's in Massachusetts and includes multispecialty and single-specialty orthopedic, ophthalmology, gastroenterology, otolaryngology and plastic surgical facilities located across the state. .

The MAASC shares the Commonwealth's interest in ensuring access to high quality, community based surgical and diagnostic services without increasing cost.

The Health Policy Commission (HPC) 2019 Cost Trends report provides an excellent analysis of the outpatient care market. Included in that analysis is the following policy recommendation:

AMBULATORY CARE. The Commonwealth should closely scrutinize how care is delivered and paid for in ambulatory settings. Given the importance of outpatient care in driving spending and utilization trends, the Commonwealth should analyze ambulatory care across different sites and settings, including urgent care and hospital main campus and off-campus sites. Regulators, payers, and other stakeholders should also examine provider plans for outpatient service expansions and consider critically how new projects are likely to impact cost, quality, access, and competition in the provider market.

With this recommendation in mind, the MAASC would like to raise several points that we believe the Determination of Need Program and Public Health Council should consider in its thoughts on the MGB application.

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The entry of MGB into the ambulatory arena in Westborough, Weston and Woburn will increase outpatient care costs in these communities. Medicare reimburses hospital based or affiliated outpatient facilities are paid about twice of what a freestanding ASC is paid, even if it's the exact same procedure, performed by the exact same surgeon.

I'd like to point out a few other noteworthy points and policy recommendations in the Cost Trends Report that point to the value of freestanding ASC's and its implications for cost savings in the Commonwealth.

The HPC analyzed major (ie - knee replacement) and minor (ie – colonoscopies) outpatient surgeries in HOPD's. While total spending for major outpatient surgery grew 9.5% from 2015 to 2017, only a small portion of the spending growth was driven by an increase in the number of surgeries (just under 1% over this period), or by increased complexity (1%). Instead, the growth was driven by growth in the payment per episode (8.6%) and the growth in payment for the hospital component (10.2%). This is consistent with Medicare data. For knee replacements at an HOPD, Medicare pays \$11,900.71, versus \$8,609.82 at a non-hospital based or affiliated ASC. Similarly, according to the Workers Compensation Research Institute, Comparing Payments to Ambulatory Surgery Centers and Hospital Outpatient Departments (November, 2018), Massachusetts is among 14 states where payments for knee surgeries were at least 21 percent lower than payments for the same procedures in hospital outpatient environments. According to that report, in 2016, knee surgeries were 29% lower at an ASC than an HOPD.

The take away point is cost savings will not be realized simply by shifting care from inpatient to outpatient. What matters most is where that outpatient care is delivered, or the site of service. This fact was borne out elsewhere in the Cost Trends report which found little to no savings when care is shifted from lower-priced inpatient facilities to higher-priced outpatient facilities, an unfortunate fact given that "both major and minor hospital outpatient surgeries are highly concentrated in a few hospital systems and this concentration continues to grow.". Consistently, MGB will undoubtedly use its inpatient market power to obtain higher outpatient prices, thus, approval of the DoN application for 3 outpatient facilities will contribute to unnecessarily high outpatient care costs in those service areas and will increase market consolidation.

In addition to increased costs per procedure, the entry of MGB will likely siphon away patients from lower cost community based providers, like community hospitals, and freestanding ASC's, especially as MGB will likely refer its patients to providers within its own health care system. This could force ASC's and other community based providers to reduce services and lead to increased commercial insurance rates.

In conclusion, the HPC and many other studies have clearly shown that payments for standard services and medical tests are substantially higher in the hospital outpatient departments owned or affiliated with academic medical centers, such as the three new facilities sought by MGB, compared to freestanding ASC's, physician offices and other non-hospital settings." With an increasing number of healthcare consumers with high deductible plans and increasing out of pocket costs, these cost increases directly impact consumers as well as the Commonwealth's health care cost growth benchmark.



For all of the above reasons, the MAASC supports the requirement of an independent cost analysis before final decisions are made on MGB's DoN application. While we understand a company has been chosen to do this analysis, given its expertise in this arena, the MAASC also suggests that the HPC be tasked with conducting an analysis on the impact of MGB's application on outpatient care costs in the designated areas and on the cost growth benchmark.

Thank you for your attention to the concerns of the MAASC. We look forward to continuing our mutual efforts to promote increased access to high-quality, affordable outpatient surgical and diagnostic care to all patients in Massachusetts.

Sincerely,

A handwritten signature in black ink, appearing to read 'Greg DeConciliis', written in a cursive style.

Gregory P. DeConciliis, PA-C, CASC  
President