



TESTIMONY BEFORE THE HEALTH POLICY COMMISSION

PUBLIC HEARING ON 2019 HEALTHCARE COST GROWTH BENCHMARK

MARCH 13, 2019

Good afternoon, Mr. Chairman and Commissioners. My name is Greg Deconciliis. I am President of the Mass Association of Ambulatory Surgery Centers. I am also a practicing Physician Assistant and Administrator of the Boston Outpatient Surgical Suites, a multi-specialty ambulatory surgery center in Waltham.

I want to commend the Health Policy Commission for the 2018 Cost Trends Report and for its efforts to reduce health care costs in the Commonwealth. The purpose of this testimony is to express our association's support for that goal and to discuss the value of ASC's in reducing outpatient surgical and diagnostic costs.

The 2018 Annual Cost Trends Report found that hospital outpatient spending, along with pharmacy, remained the largest drivers of Total Health Care Expenditures (THCE) growth. Hospital outpatient and prescription drug spending were the fastest growing categories of spending in Massachusetts in 2017, with growth rates of 4.9 percent and 4.1 percent (net of rebates) respectively

While this information is not surprising, given that outpatient care is one of the fastest growing sectors of the health care industry nationwide, it also opens the door for a more in depth discussion of appropriate site of service and cost and quality measures comparing hospital based or affiliated outpatient facilities and freestanding entities.

ASC's benefit patients, providers, insurers and the healthcare system by providing increased access to high quality, cost effective outpatient care.

Patients appreciate the conveniently located, community based care provided by specialized surgery staff under an organizational structure that permits greater individualization of care. Costs are lower at ASC's than hospital outpatient departments (HOPD's), which translates into cost savings for patients. In 2014, Massachusetts patients saved \$2.7 million on Upper GI procedures performed in ASC's (Ambulatory Surgery Center Association (ASCA) analysis of CMS 2014 data). With an increasing number of healthcare consumers with high deductible plans and out of pocket costs increasing at a rate of 27% between 2014 to 2017, that's an important factor. For this reason, ASC's are also supported by employers struggling with high health care costs and looking for ways to help their employees save money.

Physicians appreciate the efficiency of ASC's. Surgeons can perform much more surgery in a 'block' of time in these specialized facilities. One Health Affairs study found that procedures performed in ASC's take 31.8 fewer minutes than those performed in hospitals. (*Munnich and Parente, Procedures Take Less time at Ambulatory*

Surgery Centers, Keeping Costs Down and Ability to meet Demand Up, Health Affairs, 33, no.5 (2014): 764-769)

Physicians can also exercise much more control over the care given their patients in ASCs.

Public and private insurers benefit from ASC's. On average, Medicare reimburses ASC's at 53% of the rate it reimburses HOPD's for the same procedure performed by the same surgeon. In 2014, Medicare saved \$34 million on cataract procedures and \$7.6 million on colonoscopies because its beneficiaries elected to have those procedures performed in Massachusetts ASC's (ASCA analysis of CMS 2014 data).

Another 2018 study done by the Workers Compensation Research Institute (WCRI) compared costs for knee and shoulder surgeries at ASC's and HOPD's in 18 states, including Massachusetts. That study, which looked at payments from 2011 to 2016, showed that the cost of knee surgery performed at an ASC in Massachusetts is 29% less than at an HOPD and shoulder surgery is 10% less.

Commercial insurers experience similar savings. For the commercially insured population in the US, an estimated \$37.8 billion is saved annually by using ASC's (ASCA/HealthSmart, *Commercial Insurance Cost Savings in Ambulatory Surgery Centers*).

In turning to a discussion of the quality of care at ASC's, a new study looking at outpatient joint replacements performed in the ASC setting and an inpatient hospital setting showed no meaningful difference in complications or readmission rates between the two groups (Beckers Hospital Review, Outpatient joint replacements at ASCs cost 40% less than hospital-based surgery, Rachel Popa | March 15, 2019, New York City-based Hospital for Special Surgery and Philadelphia-based Rothman Orthopaedic Institute)

Lastly, proving once again that competition benefits the healthcare system, another study on the impact of reference-based pricing on patient choices concluded that "hospitals lowered their pricing for certain procedures in response to a loss of market share to competing ASC's (Robinson, J et al (2015, March) *Reference-Based Benefit Design Changes consumers' Choices and Employers' Payments for Ambulatory Surgery. Health Affairs*).

In conclusion, the MAASC is pleased to note that the HPC 2018 Annual Cost Trends recommendations support more price transparency and ensuring access to high-value, low-cost settings, and shifting care, as appropriate, to these settings. We strongly support these recommendations and appreciate the dialogue that has begun with the HPC staff on how ASC's can help meet these goals relative to outpatient surgical and diagnostic care.

ASC'S ARE PART OF THE SOLUTION, NOT THE PROBLEM!