

# ASC Payment Reform

Principles for Consideration

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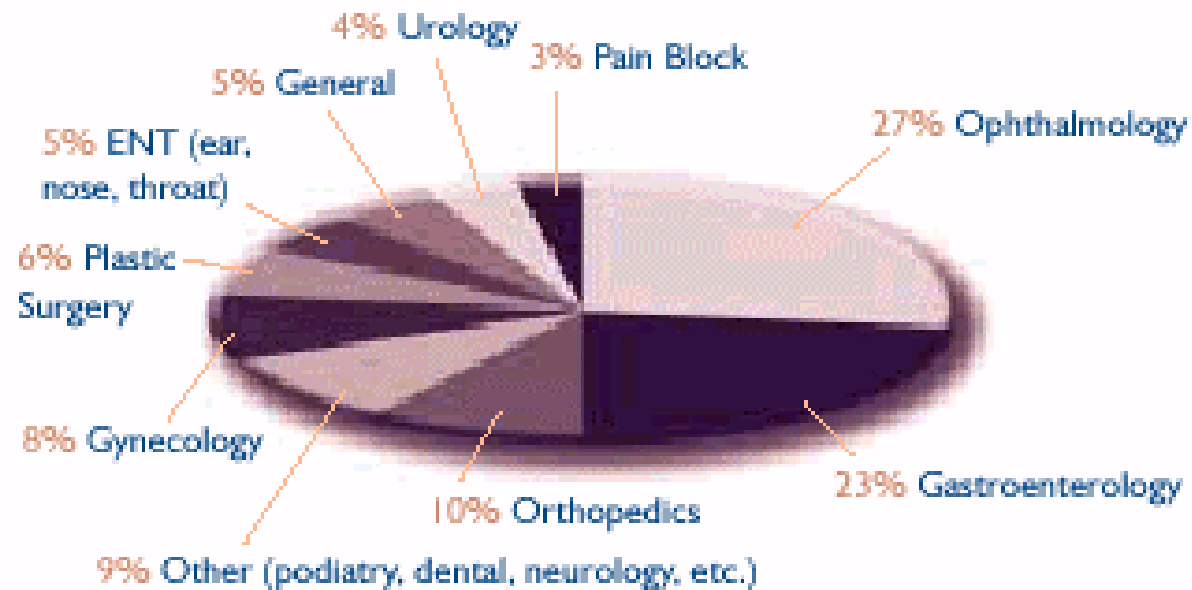
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# What is an ASC?

- May be hospital-operated or independent
  - Hospital-operated must be physically and administratively separate from the hospital
- Operates exclusively to provide surgical services to patients not requiring hospitalization
- An ASC may perform services in several specialties or be dedicated to one (such as eye care)

## PERCENTAGE OF TOTAL PROCEDURES PERFORMED BY SPECIALTY



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# Principles for ASC Reform

- OPPS system should be used as the base (MedPAC)
- ASC rates should not exceed hospital rates (MedPAC, DRA)
- Hospital rates should not exceed ASC rates except through some well documented and consistently applied discount factor
  - Any discount factor should not be applied to devices as the cost to ASC is identical to Hospital Outpatient
- GAO study findings incorporated as appropriate – study should be made publicly available

# Site of Service

- Financial Incentive (payment) should not impact site of service decision
- Clinician should determine site of service based on medical appropriateness

# Procedure Eligibility

- Exclusion list rather than inclusion
- Revision of criteria to be allowed in ASC setting
- OPPS should be used as basis
- Consider second level that identifies procedures that cannot be safely performed ASC setting but are allowed in an outpatient hospital setting

# Payment Bundles

- Currently different in ASC vs. OPPOS
- New payment system should be based on identical bundles
- OPPOS should be basis
- System should not be based on inadequate rates
  - Analysis/validation required before implementation

# Budget Neutrality

- MMA budget neutrality requirements need clarification
- Recommend that budget neutrality be calculated across Part B NOT within payment system to allow for procedures to appropriately migrate from one setting to next without disincentives or penalties



# Updates

- The payment system should be updated annually
- Linked to OPPS regulation timeframes

# New Technology

- New Technology APC and Pass-Through Payments should carry over to the ASC setting without separate application
- Payment amount for device component should be equivalent in both systems

# OPPS Lessons Learned

- Consistent, clear directions required
- Transition period may be necessary
- Transparency – ASC and broader industry involvement required to create optimal system

# Outstanding OPPS Issues

- Charge compression is an ongoing issue which results in device costs that are understated and the fallout is payment rates that do not reflect what the hospital costs are
- “Decompression” factor or alternative, validated mechanism should be considered to remedy charge compression before the rates are applied to another payment system (site of service – ASC)