

# New Study Finds Billions in Savings Tied to ASCs

University of California-Berkeley analysis examines cost savings that ASCs provide to Medicare and its beneficiaries



**ALEXANDRIA, VA, September 11, 2013** — A new analysis by researchers at the prominent University of California-Berkeley Nicholas C. Petris Center on Health Care Markets and Consumer Welfare finds that ambulatory surgery centers (ASCs) provide billions of dollars in savings to the Medicare program and its beneficiaries. Specifically, Berkeley’s researchers found that ASCs saved Medicare \$7.5 billion over the four-year period from 2008 to 2011. Going forward, ASCs have the potential to save the Medicare system an additional \$57.6 billion over the next decade.

“With policymakers looking for ways to shore up Medicare’s finances and reduce health care spending nationwide, our analysis suggests that ASCs offer a win-win for policymakers and patients,” said Adjunct Professor Brent Fulton of the University of California at Berkeley. “Encouraging patients to seek the care they need in ASCs throughout the Medicare system should be an easy decision. Indeed, depending on the future policy environment, the savings generated by ASCs could exceed our \$57.6 billion estimate.”

Ambulatory surgery centers, or ASCs, are modern health care facilities focused on providing a range of same-day surgical care—the same procedures that were once performed exclusively in hospitals. Because ASCs provide quality care at less cost than hospital outpatient departments (HOPD), Medicare reimburses ASCs at, on average, 58 percent of the HOPD rate. This means that Medicare—and the taxpayers who fund it—realize savings every time a procedure is performed in an ASC. As the UC-Berkeley cost savings analysis shows, those savings add up. Key findings from the study include:

During the four-year period from 2008 to 2011, ASCs saved the Medicare program and its beneficiaries \$7.5 billion. ASCs saved Medicare and its beneficiaries \$2.3 billion in 2011 alone.

\$6 billion of these savings were realized by the federal Medicare program. The remaining \$1.5 billion went directly to Medicare beneficiaries. In other words, Medicare patients nationwide saved \$1.5 billion thanks to the cost-effective care that ASCs provide.

Beneficiaries also stand to save considerably in future years. Because Medicare reimburses ASCs at a lower rate than HOPDs, patients also pay a smaller coinsurance amount in an ASC. For example, a Medicare beneficiary will save \$148 on his or her coinsurance by electing to undergo a cataract surgery in an ASC instead of a hospital.

“ASCs deliver patient-centered outpatient surgical care that saves the Medicare program and its beneficiaries billions of dollars,” said ASCA Chief Executive Officer William Prentice. “Unfortunately, the power of the price differential that produces these savings has limits, and we are at or beyond that limit now. ASC growth has all but stalled, and some centers are being purchased and converted into hospital outpatient departments to take advantage of the higher fees that can be charged there. Congress and the Obama Administration must ensure that Medicare payments for ASC services are sufficient so that ASCs can continue to be the lower-cost alternative for outpatient surgical care for America’s seniors.”

The entire study can be found at [www.ascassociation.org/MedicareSavingsStudy](http://www.ascassociation.org/MedicareSavingsStudy).

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**About ASCs:** ASCs are an integral part of the health care system, providing critical access to surgical and diagnostic care, including preventive services. As essential Medicare providers of surgical and cancer screening services, ASCs perform more than 40 percent of Medicare colonoscopies.

**About the Ambulatory Surgery Center Association (ASCA):** ASCA is working to raise awareness of the important role that ASCs play in the US health care system and the high-quality, cost-effective care that ASCs provide. For more about ASCA, go to [ascassociation.org](http://ascassociation.org).

**About the University of California-Berkeley’s School of Public Health’s Nicholas C. Petris Center on Health Care Markets and Consumer Welfare:** The Nicholas C. Petris Center conducts health economics research that focuses on consumer protection, affordability and access to health care, especially for low and moderate-income consumers. It also focuses on the role of information in consumer choice and assesses concentration, regulation and competition in the health care marketplace. For more about the Petris Center, go to [petris.org](http://petris.org)