

## Outpatient Surgeries Show Dramatic Increase

In 1980, 16 percent of surgical procedures were performed on an outpatient basis. This number grew to 57.7 percent in 2007, according to a statistical brief published by the Agency for Healthcare Research and Quality.<sup>1</sup> The growth in outpatient procedures has been driven by advances in medical technology and changes in payment arrangements, which have allowed the ambulatory/outpatient surgery to become more feasible in recent years.<sup>1</sup>

Technological and medical advances, such as improvements in the administration of anesthesia and the development of minimally invasive or non-invasive procedures, have also driven the observed increase in outpatient procedures. For example, minimally invasive arthroscopic procedures require smaller incisions, less cutting of soft tissues, result in less blood loss, and decrease recovery times as compared to less advanced surgical procedures.<sup>2</sup> Advances in medical devices and pharmaceuticals have also contributed to reduced recovery times, further facilitating migration of surgical procedures from inpatient to outpatient care.<sup>3</sup>

Concerns over the rising costs of medical care have led to changes in the way Medicare reimburses physicians, thereby encouraging development of ambulatory surgery centers (ASCs), at which certain outpatient surgical procedures may be performed.<sup>4</sup> One study of community hospitals in 28 states found that the mean charge for outpatient surgery was \$6,100, as compared to the mean cost of inpatient surgery at \$39,900.<sup>5</sup> Cost savings have influenced growth in the number of free-standing ASCs, which has increased from 239 in 1983 to more than 3,300, approximately two decades later.<sup>6</sup>

Despite the cost savings recognized in utilizing outpatient surgery, some oppose physician investment in ambulatory/outpatient surgical facilities. An article published by John M. Hollingsworth et al., in the April 2010 issue of *Health Affairs* indicated that there is a significant association between physician ownership and higher surgery volume for selected procedures performed in ASCs for the period 2003 and 2005, in

addition to the finding that physicians who obtained ownership of an ASC experienced a much higher increase in surgery use between pre- and post-ownership, in comparison to physicians who never became owners.<sup>7</sup> Additionally, Congress members Henry Waxman (D-Calif.), Samdy Levin (D-Mich.) and Pete Stark (D-Calif.), at the request of the American College of Radiology (ACR), have recently asked that the Government Accountability Office (GAO) perform a study regarding the effects of physician self-referral on Medicare spending for medical imaging and radiation therapy, two specialty services also commonly found in outpatient facilities.<sup>8</sup> This study is meant to address contentions related to financially driven self-referral patterns, perceived by some as a problem indicative of physician ownership in ambulatory/outpatient facilities.

<sup>1</sup> "More Than Half of Surgeries are Outpatient" By Victoria Stagg Elliott, *amednews.com*, March 24, 2010, <http://www.ama-assn.org/amednews/2010/03/22/bisc0324.htm> (accessed May 4, 2010).

<sup>2</sup> "Ambulatory Surgery in the United States, 2006" By Karen A. Cullen, Ph.D., M.P.H., Margaret J. Hall, Ph.D. and Aleksandra Golosinskiy, *National Health Statistics Reports*, no. 11 (September 4, 2009), p. 1.

<sup>3</sup> "Advances Allow More Outpatient Orthopaedic Surgeries, Shorter Hospital Stays", *Vital Signs*, Vol. 44, (Fall 2009), p. 7.

<sup>4</sup> "An Analysis of Recent Growth in Ambulatory Surgical Centers: Final Report", by Lane Koenig et al, *KNG Health Consulting*, June 5, 2009, p. 17-18

<sup>5</sup> "Ambulatory Surgery in the United States, 2006" By Karen A. Cullen, Ph.D., M.P.H., Margaret J. Hall, Ph.D. and Aleksandra Golosinskiy, *National Health Statistics Reports*, no. 11 (September 4, 2009), p. 2.

<sup>6</sup> "Hospital-Based Ambulatory Surgery, 2007" By Allison Russo, Anne Elixhauser, Claudia Steiner, and Lauren Wier, *Agency for Healthcare Research and Quality*, February 2010, <http://www.hcup-us.ahrq.gov/reports/statbriefs/sb86.jsp> (Accessed May 4, 2010).

<sup>7</sup> "Ambulatory Surgery in the United States, 2006" By Karen A. Cullen, Ph.D., M.P.H., Margaret J. Hall, Ph.D. and Aleksandra Golosinskiy, *National Health Statistics Reports*, no. 11 (September 4, 2009), p. 2.

<sup>8</sup> "Physician-Ownership of Ambulatory Surgical Centers Linked to Higher Volume of Surgeries", by John M. Hollingsworth et al., *Health Affairs*, Vol. 29, No. 4 (2010), p. 685-686



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