

## CMS Proposes 0% Change in 2011 ASC Payment Rates

Ambulatory Surgery Centers (ASCs) can expect to see a zero percent increase in Medicare reimbursements in 2011, according to the proposed rule released by the Centers for Medicare and Medicaid Services (CMS) on July 2, 2010, related to the ASC and hospital outpatient prospective payment system.<sup>1</sup> In contrast, the proposed market basket update for hospital outpatient departments (HOPDs) for the provision of the same services performed is set at 2.15%, in 2011.<sup>2</sup>

Earlier in January of this year, the Medicare Payment Advisory Commission (MedPAC) recommended to Congress that ASC reimbursement rates be increased by 0.6 percent.<sup>3</sup> However, CMS failed to follow MedPAC's recommendation and instead calculated the proposed ASC reimbursement rate based on several provisions of the Patient Protection and Affordable Care Act (PPACA), which are scheduled to be implemented on January 1, 2011 together with the reimbursement methodology required under the final transition year of the ASC reimbursement system. Under the current ASC reimbursement methodology, the ASC payment rate for 2011 should increase by 1.6 percent based on the Consumer Price Index for Urban Consumers (CPI-UC).<sup>4</sup> However, the PPACA stipulates that a negative 1.6 percent offset be applied to ASC payment rates due to certain productivity adjustments, thereby resulting in a zero percent increase for ASC payment rates in 2011.<sup>5</sup>

The ASC Advocacy Committee (ASCAC), which includes the national ASC association and many state ASC associations as well as representatives of all types of ASC operators and physicians, has already indicated that they will "*vigorously protest*" this proposed zero percent increase as it is not in accord with MedPAC's recommended increase of 0.6 percent put before Congress back in January.<sup>6</sup> MedPAC made a significant effort this year to show that the CPI-UC is an inaccurate method for determining payment increases, and that increases should instead be based on the hospital "*market basket*" adjustment.<sup>7</sup> The hospital "*market basket*" has been described by CMS as "*a fixed-weight index because it answers the question of how much more or less it would cost, at a later time, to purchase the same mix of goods and services that was purchased in a base period.*"<sup>8</sup> The ASCAC stated that if CMS had used this market basket model instead of the CPI-UC, then the proposed update percentage, even after the

productivity adjustments under the PPACA were taken into account, would be a positive instead of remaining a net zero.<sup>9</sup> According to the ASCAC committee, ASCs provide significant savings to the Medicare program, i.e., "*Every procedure performed in an ASC saves the Medicare program more than 40 percent and saves Medicare beneficiaries more than 50 percent on co-payments*" as compared to hospital outpatient departments, whose updates are calculated according to the market basket.<sup>10</sup>

- 1 "CMS Proposes 0% Change in 2011 ASC Payment Rates" By Irene Tsikitas, OutpatientSurgery.net, July 2010, <http://www.outpatientsurgery.net/news/2010/07/4> (Accessed 7/19/2010).
- 2 "CMS Proposes 0% Change in 2011 ASC Payment Rates" By Irene Tsikitas, OutpatientSurgery.net, July 2010, <http://www.outpatientsurgery.net/news/2010/07/4> (Accessed 7/19/2010).
- 3 "MedPAC Recommends 0.6% Rate Increase for ASCs" By Irene Tsikitas, OutpatientSurgery.net, January 2010, <http://www.outpatientsurgery.net/news/2010/01/8> (Accessed 7/19/2010).
- 4 "CMS Proposes 0% Change in 2011 ASC Payment Rates" By Irene Tsikitas, OutpatientSurgery.net, July 2010, <http://www.outpatientsurgery.net/news/2010/07/4> (Accessed 7/19/2010).
- 5 "Medicare's 2011 ASC Payments: Rates and Policies" By Ambulatory Surgery Center Association, July 2010, <http://ascassociation.org/medicare2011> (Accessed 7/19/2010).
- 6 "CMS Releases 2011 ASC Proposed Rule: 7 Important Issues" By Marian Lowe, Becker's ASC Review, July 6, 2010, <http://www.beckersasc.com/asc-coding-billing-and-collections/cms-releases-2011-asc-proposed-rule-7-important-issues.html> (Accessed 7/19/2010).
- 7 "CMS Releases 2011 ASC Proposed Rule: 7 Important Issues" By Marian Lowe, Becker's ASC Review, July 6, 2010, <http://www.beckersasc.com/asc-coding-billing-and-collections/cms-releases-2011-asc-proposed-rule-7-important-issues.html> (Accessed 7/19/2010).
- 8 "Market Basket Definitions and General Information" Centers for Medicare and Medicaid Services, <http://www.cms.gov/MedicareProgramRatesStats/downloads/inf0.pdf> (Accessed 7/19/2010).
- 9 "The Ambulatory Surgery Center Advocacy Committee Expresses Concern over 2011 Proposed Payment Rule Released by CMS" By ASCAC, July 9, 2010, <http://advancingsurgicalcare.com/index.cfm/news/the-ambulatory-surgery-center-advocacy-committee-expresses-concern-over-2011-proposed-payment-rule-released-by-cms/> (Accessed 7/19/2010).
- 10 "The Ambulatory Surgery Center Advocacy Committee Expresses Concern over 2011 Proposed Payment Rule Released by CMS" By ASCAC, July 9, 2010, <http://advancingsurgicalcare.com/index.cfm/news/the-ambulatory-surgery-center-advocacy-committee-expresses-concern-over-2011-proposed-payment-rule-released-by-cms/> (Accessed 7/19/2010).



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