ASC Payment Structure Revision

On July 16, 2007, CMS issued a final rule revising the payment structure for ambulatory surgery center (ASC) reimbursement, which allows ASCs to be paid for any procedure not requiring an overnight stay that CMS determines does not pose a significant safety risk to Medicare beneficiaries by being performed in an ASC and that does not require an overnight stay. It is expected that an additional 790 procedures will be available to beneficiaries beginning in 2008 because of this rule.¹

Beginning in 2008, CMS is implementing a revised ASC payment system using the current hospital outpatient prospective payment system (HOPPS) as the framework and guide for the revised payment system for freestanding ambulatory surgery centers, whereby CMS has (in the proposed rule) set the payment rates for independent free-standing ASC at sixty-five (65) percent for the 2008 implementation of the OPPS rates for the same procedures performed in a hospital outpatient department (HOPD) setting.² Those ASC services that are currently paid at higher than 65% of the HOPPS rate will face significant cuts in reimbursement, for procedures in such specialties as gastroenterology.

Medicare will pay for a service performed in a particular geographic area for an ASC or HOPD based upon a national (base) payment amount adjusted for geographic differences in the cost of delivering those services (i.e.; “Wage Index”). In the ASC, 34.45 percent of the payment is adjusted for differences in local market prices, while the hospital adjustment is at 60 percent.

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