

Washington Ambulatory Surgery Center Association (WASCA) Promotes Collaboration to Reduce Health Costs

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As this edition of Washington Healthcare News goes to press, the health system reform debate rages on in Congress – and in the courts.

At least one federal district court judge has ruled the insurance mandate unconstitutional (although judges in two other cases came to the opposite conclusion) and legal scholars predict all or major parts of the legislation will eventually reach the Supreme Court on appeal.

Anyone hoping for swift resolu-

tion of the Patient Protection and Affordable Care Act at the federal level will suffer the tyranny of high expectations.

Meanwhile, here at home, the Washington State Legislature is grappling with a \$4.6 billion budget deficit for the 2011-2013 biennium, facing what many analysts say is the most difficult legislative session (and budget crisis) since the Great Depression.

We'll soon know how Governor Gregoire's bravely proposed "all-

cuts" budget fares with lawmakers. Along with possible elimination of the state's Basic Health Plan, which subsidizes health insurance for 57,000 people, spending reductions hit virtually every state health program. These are all painful cuts. Very few state services, if any, will escape the budget axe.

State Agencies Respond

The only glimmer of positive news in all this is that state managers have been tasked to re-examine their operations, and budgets – not only where they spend appropriations, but how they can optimize service delivery with severely limited financial resources.

Immediate and potential cost efficiencies are being discovered at every turn.

The Washington State Health Care Authority (HCA) is one example. An audit conducted for the agency that spends \$1.5 billion a year on health insurance for 334,000 state employees, dependants and retirees identified 6,200 dependents ineligible to receive coverage. Said HCA Administrator Doug Porter, "Removing these people from coverage means the state will avoid

about \$20 million in health costs annually.”

Or consider the Department of Labor and Industries (L&I).

The state-managed workers’ compensation program is under fire for raising premiums nearly 20% for 2010-11, with medical costs partly to blame. In response L&I is pursuing innovative cost-saving measures, including incentives to help get injured employees back to work sooner.

Said L&I Director Judy Schurke, “We’ve taken many steps to reduce costs in our claims management process, such as keeping prescription drug costs to less than half of the national average. But it isn’t enough to overcome the negative impact of the economy.”

Enter the ASC Value Proposition

These are just two examples of how state government is responding to the budget crisis. Other agencies with significant health outlays, such as Medicaid, are also seeking cost efficiencies.

While state government can’t (and shouldn’t) micro-manage how medical care is provided, there is

renewed interest in the benefits of moving more surgical procedures out of hospitals and into less expensive yet clinically appropriate ambulatory surgery centers.

Studies from around the country show the average cost of a procedure, such as a colonoscopy, is less expensive when performed at an ASC than a hospital outpatient department (HOPD). Medicare’s Payment Advisory Commission estimates that payments to ASCs are lower than payments to hospitals for 87 percent of procedures.

Independent health economist KNG Health Consulting says ASCs save Medicare approximately 40 percent – and Medicare patients more than 50 percent on their out-of-pocket costs. Moving just half of all eligible surgeries out of hospitals and into less expensive yet clinically appropriate ASC settings could save Medicare \$2.3 billion annually.

For potential savings at the state level, look no further than Medicare reimbursement rates, shown in the table at the bottom of this page, for some fairly common surgical procedures performed in

Washington State.

To be sure, these are difficult financial times, and our association is fielding more inquiries from public and private health plans than ever before. We are encouraging greater collaboration, data collection and information sharing on best practices as more payers look to integrate ASCs in their contracting decisions.

And we are actively engaged with the Department of Health on patient safety issues.

To report on quality outcome measures, WASCA consulted with DOH to conduct a statewide Quality Research Initiative, the first substantial study of the ASC industry in Washington. We are also partnering with DOH on educational programs for our members to promote adherence with infection control practices prescribed by the Centers for Medicare and Medicaid Services (CMS), and to improve compliance with Medicare Certification Surveys.

Clearly, now is the time for stronger partnerships between government, business and health care providers. The nation’s challenge

Surgical Procedure	ASC Medicare Rate	Hospital (HOPD) Medicare Rate	ASC Cost Savings
Rotator cuff repair	1,636.33	3,282.54	(1,646.21)
Shoulder arthroscopy	1,586.87	3,282.54	(1,695.67)
Knee arthroscopy	1,048.41	2,011.84	(963.43)
ACL repair/reconstruction	2,782.32	5,961.06	(3,178.74)
Sinus revision surgery/endoscopy	4,950.33	9,551.66	(4,601.33)
Gall bladder removal (laparoscopic)	1,874.25	3,149.57	(1,275.32)
Laparoscopic Hernia repair (Inguinal)	1,556.19	3,149.57	(1,593.38)
Kidney stone removal/treatment	1,673.16	3,292.25	(1,619.10)
Carpal tunnel surgery	668.34	1,258.75	(590.41)
Corneal transplant surgery (per eye)	1,364.26	2,524.15	(1,159.89)
Cataract surgery (per eye)	961.34	1,633.14	(671.80)

Source: Centers for Medicare and Medicaid Services (CMS)

is known for certain: medical costs and insurance premiums keep going up. Employers are shifting more costs to employees; and employee contributions, co-pays and deductibles are rising faster than wages.

All the political vitriol and judicial squabbling aside, the country urgently needs to develop new ways to deliver high quality medical care at lower cost. WASCA and its members look forward to forging new alliances to improve access to affordable, high quality medical

care for all Washingtonians.

Dr. William A. Portuese is board certified by the American Board of Facial Plastic and Reconstructive Surgery and by the American Board of Otolaryngology, Head & Neck Surgery. In addition to his position as president of the Washington Ambulatory Surgery Center Association, he is the current president of the Washington State Chapter of Facial Plastic Surgeons.

Susan Simons is a 26 year veteran of the ASC industry and is a found-

ing partner of the surgery center where she currently serves as administrator. During the past 26 years, she has helped the center grow from a one room single specialty center to a three OR multi-specialty free standing center with CON certification. A CASC certified RN, she has been active in the state association for over 20 years.

To learn more about the Washington Ambulatory Surgery Center Association, visit their web site at www.wasca.net.

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