



# Shifting point of care to ambulatory surgery centers

A Definitive Healthcare  
whitepaper

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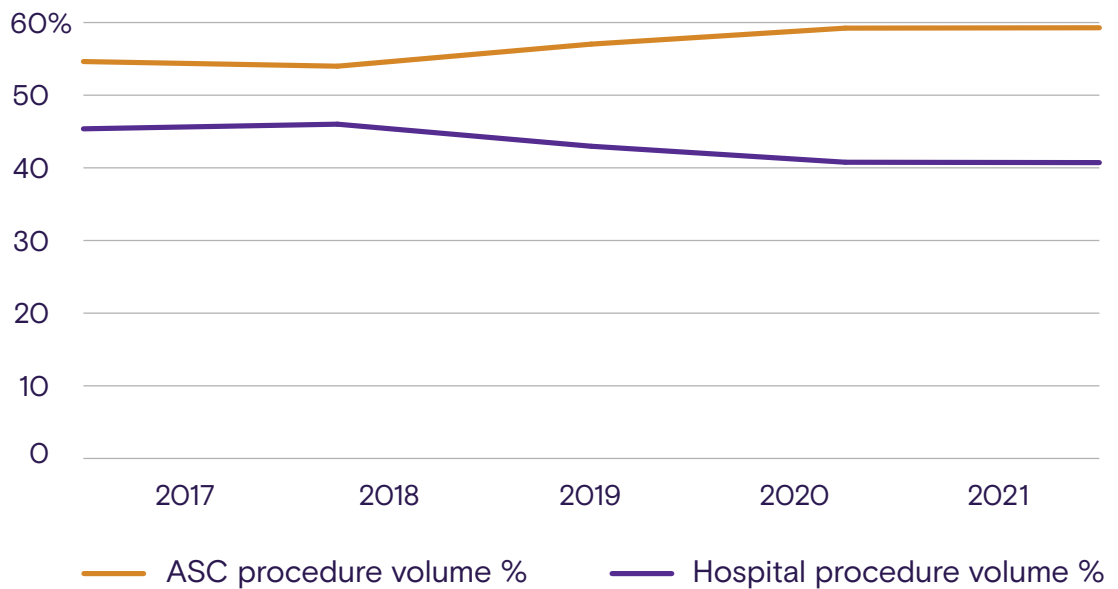
For years, the acute care market has been a primary focus for many medical device companies. Multiple factors, however, indicate a shift in care setting from hospitals to Ambulatory Surgery Centers (ASCs), and the growth of that market may signal a need for a stronger focus on this ancillary care channel. The evidence of acceptability for this change in care setting is seen through three primary indicators:

- Positive clinical outcomes
- Overall economic savings
- Market acquisition and growth activity.

For medical device companies, understanding the cause of these trends and how they impact specific therapy areas, is critical to strategic planning and go-to-market execution. Accessible and accurate healthcare commercial intelligence is an essential part of this winning strategy, to inform strategic planning and go to market execution.

**Figure 1 displays an example comparison of the year over year shift in care setting from 2017 through 2021 YTD, for general shoulder surgeries.**

**SHOULDER SURGERY VOLUME COMPARISON: HOSPITALS VS. AMBULATORY SURGERY CENTERS**



Definitive Healthcare data on file.

What we can surmise from this data is that ASCs have consistently performed a higher volume of this specific procedure, but the gap is becoming larger. Based on the additional indicators that will be explored in this report, it can be safely anticipated that more procedures will move to ASCs and that the gap seen in this chart for other procedures will increase.

In this report, we'll explore the evidence surrounding the shift in care settings from hospitals to ASCs and discuss how medical device companies can stay ahead of this shift.

## Let's examine these indicators in more detail.

### COVID-19

The volume of outpatient surgical procedures performed in a hospital setting was already trending downward prior to the pandemic. Between 2019 and 2020, procedures decreased by more than 15%,<sup>1</sup> according to Definitive Healthcare data<sup>1</sup>.

Throughout 2020, the pandemic caused an intermediate shift in the cancellation of elective procedures within the hospital setting. Therefore, an increase in ASC procedures performed throughout the pandemic could be a signal that the shift was short-term.

Increase in monthly  
ASC claims

47.1%

from 2020 to 2021

How do we know that this shift in care is not solely driven by the COVID-19 pandemic? By comparing claims volume for procedures performed in hospitals versus ASCs in 2020 and 2021, we see there is a clear year-over-year increase in ASC procedure volume. Based on insights derived from Definitive Healthcare in 2021, the monthly average increase of ASC claims is 47.1% compared to 2020 (1.5M

average claims per month in 2020 compared to 2.2M average claims per month in 2021).<sup>1</sup> This intelligence informs us that even though many hospitals have resumed their elective procedures, ASC procedure volumes continue to increase as a potentially preferred venue.

Based on the additional evidence outside of 2021 claims intelligence, it is anticipated that this shift in care will continue to increase post-pandemic.

### Clinical outcomes

As the world navigates this new normal, clinical outcomes will still be top of mind and a key focus area for clinicians. According to a NIH.gov study,<sup>2</sup> a significant disparity exists between hospitals and ASCs, particularly when comparing 30- and 90-day readmission rates and post-surgical complications for inpatient and outpatient procedures.

As shown in Figure 2, ASCs have drastically lower readmission and post-surgical complication rates. The information provided in the charts compares two common surgical procedures performed at hospitals and ASCs with a focus on 30- and 90-day readmission rates and other post-surgical complications. Both the rate percentage and the number of events are shown to be notably lower when these procedures are performed at an ASC.

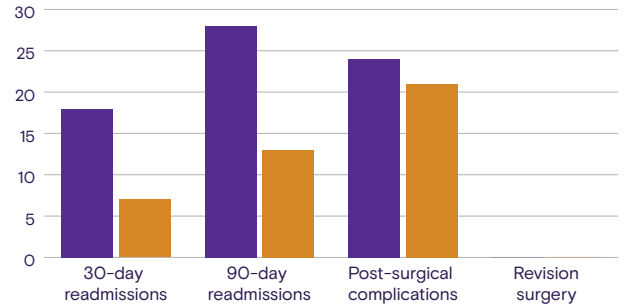
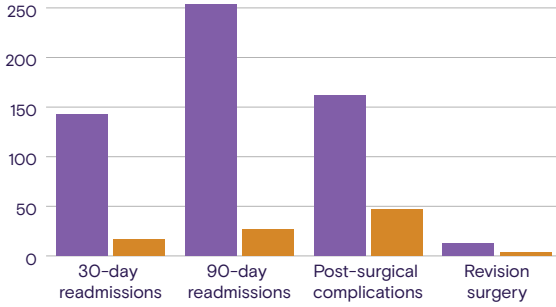
- Inpatient hospital
- Outpatient hospital
- Ambulatory surgery center

**FIGURE 2.**  
**INPATIENT HOSPITAL VS**  
**AMBULATORY SURGERY CENTER<sup>2</sup>**

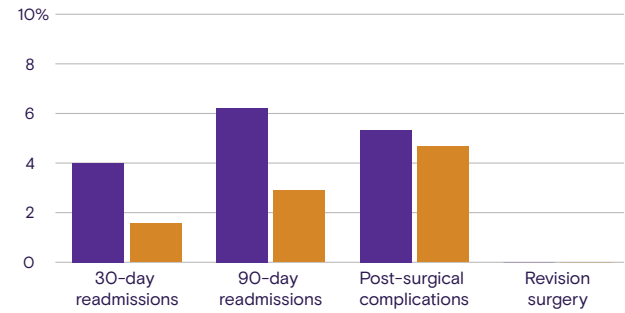
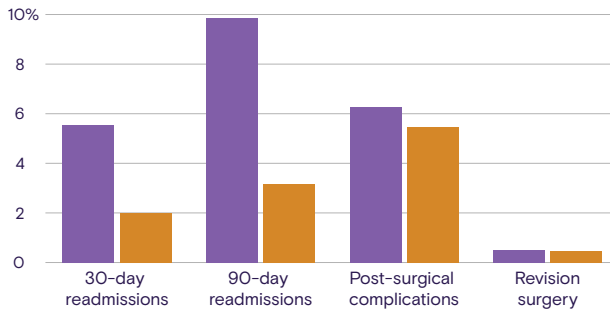
**OUTPATIENT HOSPITAL VS**  
**AMBULATORY SURGERY CENTER<sup>2</sup>**

**TOTAL KNEE REPLACEMENT:**

Number of events

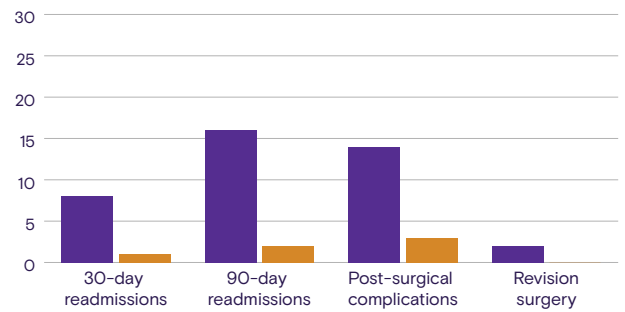
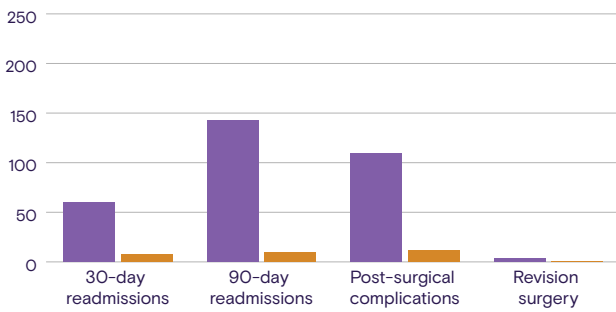


Readmission and complication % rate

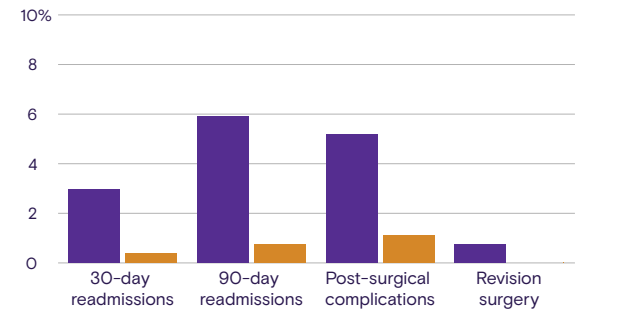
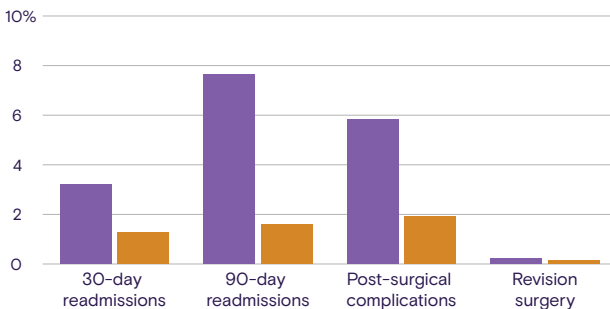


**TOTAL HIP REPLACEMENT:**

Number of events



Readmission and complication % rate



While these improved clinical outcomes were initially observed in a NIH.gov<sup>2</sup> study prior to the pandemic, the shift in care became much more noticeable when hospitals began to focus on care of COVID-19 patients instead of potentially elective or non-essential surgical procedures. While this is a small population of clinical outcome data performed for two surgeries, it indicates the sort of further study that can and should be done on a broader set of procedures, to fully identify what can safely and efficaciously be performed in an ASC care setting.

Further supporting these positive clinical outcomes is another, more recent study published March 3, 2021, from Dr. Daniel Lo of the Department of Orthopedic Surgery at Aultman Hospital. This was a retroactive study focusing on Medicare outpatient outcomes for total knee arthroplasty (TKA). Patients in the study underwent primary TKA. The results showcase that only 5.5% of the patient population experienced complications in an ambulatory surgery center setting. The conclusion states that “without adverse events within the first six months, this study suggests that outpatient TKA can be safely performed in Medicare patients at an ASC.”<sup>3</sup>

Both Medicare and privately insured patients are seeing positive clinical outcomes in the ASC setting contributing strongly to a shift in care. The positive clinical outcomes have additional implications on insurance pay-outs and CMS reimbursements.

**FIGURE 3. ANNUAL SAVINGS FROM PROCEDURES PERFORMED IN ASCS<sup>4</sup>**

% of Common ASC Procedures Currently Performed at ASCs	48%
Current Annual Savings	\$37.8 B
Potential Additional Annual Savings	\$38.2 B
Potential Additional Annual Savings from Optimal Migration to ASCs	\$55.6 B

**Cost savings**

The difference in cost of care is noticeable and significantly in favor of ASCs. There is an overall reduction in healthcare costs of more than “\$38 billion per year due to the availability of ambulatory surgery centers (ASCs) as an appropriate setting for outpatient procedures.”<sup>4</sup>

As seen in the clinical outcome evaluation, inpatient hospital procedures may also be suitable in ASCs with an even greater cost savings. The current guidance on length-of-stay for an ASC procedure is not to exceed 24 hours, therefore there will continue to be surgical procedures that must be performed as an inpatient. For any procedures deemed safe and acceptable in the ASC setting, however, significant cost savings will be realized. More than \$5 billion of the \$38 billion in reduced costs cited above is passed on to the patient through lower deductibles and co-pays. One of the cost variance drivers is the fact that hospital outpatient department (HOPD) prices for the same procedure in all markets are significantly higher than ASC prices, regardless of the payer.

Another contributing factor for the cost savings is the disparity in reimbursement rates between hospitals and ASCs. “For example, according to CMS’ procedure price lookup tool, the agency pays ASCs \$3,134 to repair a shoulder rotator cuff using an endoscope and HOPDs \$5,677 for the same procedure.”<sup>5</sup> Furthermore for the same procedure, ASCs are typically reimbursed at 53%<sup>5</sup> of the rate being reimbursed to HOPDs. These values and differences add up to an overwhelming cost savings at the national level.

Reimbursement rate

53%

for ASCs vs HOPDs  
procedures

CMS’ select changes to the inpatient only list also signal a shift away from purely hospital-based procedures. While a proposal to halt the complete elimination of the list has been implemented, more scrutiny will be seen with hospital required procedures.

As a result of the turnaround in the decision to eliminate the inpatient-only list, CMS will be adding back some procedures removed from the list in 2021, however “CPT codes 22630 (Lumbar spine fusion), 23472 (Reconstruct shoulder joint), 27702 (Reconstruct ankle joint) and their corresponding anesthesia codes”<sup>6</sup> will remain approved for performing in the ASC setting. The CMS initiative, combined with advances in medical technology, positive clinical outcomes and the overwhelming evidence of cost savings leads to the projection of a stronger shift to surgical procedures being performed by ASCs in the coming years.

### Market acquisition and growth activity

Implications of this shift could mean loss of revenue for health systems. Hospitals and health systems can potentially avoid this revenue loss through targeted acquisitions of ASCs. In 2017, UnitedHealth’s Optum acquired Surgical Care Affiliates (SCA) for \$2.3 billion.<sup>7</sup> United Health/Optum identified the ASC market potential early on and now owns 200 ASCs across 33 states.

Another notable recent acquisition was Tenet Healthcare’s subsidiary United Surgical Partners International (USPI) acquisition of SurgCenter Development (SCD). Through this agreement, Tenet Healthcare/USPI will acquire “ownership interests in 92 ambulatory surgery centers and other related ambulatory support services.”<sup>8</sup> This acquisition comes with a price tag of \$1.2 billion, but the potential earnings in this space appear to be on the rise, making this market prime for more merger and acquisition deals like these.

In addition to the acquisition activity, new ambulatory surgery centers continue to open across the United States. According to Becker’s ASC Review, an estimated 258 ASCs have opened throughout 2021.<sup>9</sup> With more of these centers available to treat patients, their popularity and accessibility has the potential to make them a preferred care setting.

## Conclusion

Understanding this market shift is incredibly important for anyone selling into the traditional hospital surgical setting, particularly those in the medical device field.

The data to support improved clinical outcomes and cost savings may continue to contribute to the rise in the popularity of ASCs. In response, savvy medical device companies will adjust their sales and marketing strategies to more effectively target and expand into the ASC market. Healthcare commercial intelligence will be integral to these companies' efforts to understand these evolving industry trends and make more strategic decisions. Organizations looking to make this shift should be asking some key questions such as:

- What procedures and treatments are shifting to ASCs and is my product's clinical area impacted?
- Do our sales teams and marketers know the ASC market?
- Do we currently target ASCs? If not, how do we start?
- Who are the buyers and decision-makers at ASCs?
- Are my competitors selling into the ASC market?

Definitive Healthcare's solutions for medical device companies can help you answer these questions and understand your total addressable market, including ASCs. You can access healthcare commercial intelligence to more effectively compare procedure volumes in both hospitals and ASCs and achieve very targeted insights by searching by specific procedure type.

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