

Chart 8-13. Number of Medicare-certified ASCs increased over 60 percent, 2000–2007

	2000	2001	2002	2003	2004	2005	2006	2007
Medicare payments (billions of dollars)	\$1.4	\$1.6	\$1.9	\$2.2	\$2.5	\$2.7	\$2.9	\$2.9
Number of centers	3,028	3,371	3,597	3,887	4,136	4,506	4,707	4,964
New centers	295	446	309	365	315	467	261	267
Exiting centers	53	103	83	75	66	97	60	10
Net percent growth in number of centers from previous year	8.7%	11.3%	6.7%	8.1%	6.4%	8.9%	4.5%	5.5%
Percent of all centers that are:								
For profit	94	94	95	95	96	96	96	96
Nonprofit	6	5	5	5	4	4	4	4
Urban	88	88	87	87	87	87	88	88
Rural	12	12	13	13	13	13	12	12

Note: ASC (ambulatory surgical center). Medicare payments include program spending and beneficiary cost sharing for ASC facility services. Payments for 2007 are preliminary and subject to change. Totals may not sum to 100 percent due to rounding.

Source: MedPAC analysis of provider of services files from CMS, 2000–2007. Payment data are from CMS, Office of the Actuary.

- Ambulatory surgical centers (ASCs) are entities that furnish outpatient surgical services not requiring an overnight stay. To receive payments from Medicare, ASCs must meet Medicare's conditions of coverage, which specify minimum facility standards.
- Most Medicare-certified ASCs are for-profit facilities and are located in urban areas.
- Medicare uses a new payment system for ASC services that is based on the hospital outpatient prospective payment system (PPS). ASC rates are less than hospital outpatient rates because of a budget neutrality requirement. In contrast to the old ASC system, which had only nine procedure groups, the new system has several hundred procedure groups. The new system will be phased in over four years.
- Total Medicare payments for ASC services increased by 11.4 percent per year, on average, from 2000 through 2007. Payments per beneficiary grew by 10.2 percent per year during this period. The growth in spending was slowed in 2006 and 2007 by large increases in the number of Medicare Advantage enrollees, who are not included in these aggregate totals. Spending growth was also slowed in 2007 by a provision in the Deficit Reduction Act of 2005, which capped the ASC rate for each service at the outpatient PPS rate.
- The number of Medicare-certified ASCs grew at an average annual rate of 7.3 percent from 2000 through 2007. Each year from 2000 through 2007, an average of 341 new Medicare-certified facilities entered the market, while an average of 68 closed or merged with other facilities.