

**Outpatient Prospective Payment System (OPPS)  
Analysis of Hospital Financial Exposure Related to the Proposed Ambulatory  
Surgery Center (ASC) Payment Expansion**

In its OPPTS proposed rule for calendar year 2007, the Centers for Medicare and Medicaid Services (CMS) would add 14 procedures to the list of surgeries that could be performed in a freestanding ASC. In 2008, CMS would substantially expand the list of allowable ASC procedures by including all surgical procedures except those that are determined to pose a significant safety risk or that generally require an overnight stay. This analysis is intended to help hospitals evaluate their potential financial exposure for procedures that CMS proposes to approve for payment in ASCs. This analysis does not show actual impacts, but rather what the total dollar volume is for the procedures currently done in the facility that could move to the ASC setting. The following discusses the data sources used in this analysis and describes the impact analysis report.

**Data Sources:** Procedure volumes are taken from the 2004 CMS OPPTS Claims file and reflect total reported units. The mapping of procedure codes to APCs, weights, and payment amounts were taken from Appendix B as provided in the *Federal Register* for the proposed rule.

**Reports:** The analysis has three reports. The first report shows the estimated financial exposure for the 14 procedures that have been proposed for ASC payment approval in 2007. These 14 procedure codes are assigned to their 2007 APCs and payment dollars are estimated based upon the 2007 APC payment rate. Payments are not adjusted for Wage Index.

The second report shows the estimated financial exposure for the 749 additional procedures that have been proposed for ASC payment approval in 2008. These 749 procedures fall into 143 APCs. The top section of the report summarizes the hospital's estimated maximum exposure by the three groups discussed below. The bottom two sections provide more detail on the two Top 10 APC Groups. These sections show the APC weight, payment amount, 2004 hospital volume and 2007 payments based upon that volume. This is what is estimated to be the hospital's maximum exposure, for all the procedures proposed for the ASC setting.

**Top 10 APCs with Procedures Currently Allowed Only in the Hospital Setting:** Each procedure code on CMS' list of 749 was assigned to its 2007 APC. Procedures that are currently approved for payment only in the hospital setting are included in this section of the report. In total, 49 APCs fell into this category. The top 10 APCs in this category account for 95% of the total dollar volume nationally and reflect 26 of the 749 proposed procedure codes.

**Top 10 APCs with Procedures Currently Allowed in the Hospital Setting and Physicians' Offices:** If some or all of the procedures for an APC are currently approved for payment in a physician's office, the APC falls into this category. In total, 84 APCs

fell into this category. The top 10 APCs in this category account for 65% of the total dollar volume nationally and reflect 174 of the 749 proposed procedure codes.

**All Other APCs:** The 549 procedures not included in the two Top 10 APC categories fall into this category and account for 19% of the total dollar volume nationally.

The third report shows a crosswalk of the 749 procedures into their APC, using the three groupings discussed above.