Cardiac Interventions in the OIS-ASC Approved: Now What?

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OUTPATIENT ENDOVASCULAR AND INTERVENTIONAL SOCIETY

OEIS 7TH ANNUAL NATIONAL SCIENTIFIC VIRTUAL MEETING

September 25, 2020

ASC Cardiovascular Program Development

Medicare's 2020 Final Payment Rule Released

November 1, 2019

The Centers for Medicare & Medicaid Services (CMS) released the 2020 final payment rule for ASCs and hospital outpatient departments (HOPDs). CMS finalized the addition of eight codes to the ASC-payable list:

- 27447 (Total knee arthroplasty)
- 29867 (Allgrft implnt knee w/scope)
- 92920 (Prq cardiac angioplast 1 art)
- 92921 (Prq cardiac angio addl art)
- 92928 (Prq card stent w/angio 1 vsl)
- 92929 (Prq card stent w/angio addl)
- C9600 (Perc drug-el cor stent sing)
- C9601 (Perc drug-el cor stent bran)

ASC Cardiovascular Program Development
Why?

- Cardiovascular ASCs can offer the same routine, lower-risk procedures in a more comfortable and convenient setting, at a rate 35-50% lower than hospitals.
- In its final rule, CMS estimated that moving 5% of coronary interventions from the hospital outpatient setting to ASCs would reduce Medicare payments by about $20 million and total beneficiary copays by about $5 million in calendar year 2020.
- In addition to economic concerns, patient engagement and satisfaction are vital pieces of the care equation, and the ASC setting typically improves measures in all categories.

ASC Cardiovascular Program Development

Now What? How to Proceed

Medicare expansion of CV services to PCI codes is one thing......setting up your own ASC is another!

ASC Cardiovascular Program Development
Now What? How to Proceed

I. How will the States react?

II. How will commercial payers react?

III. How will hospitals react?

IV. What should you do?

How Will the States React?

State-Specific Considerations to ASC Cardiovascular Program Development

- The ASC-OBL hybrid model is not available in every state since about 1/3rd of the states do not permit the simultaneous operation and co-location of an OBL and ASC.
- Some states do not allow certain types of cardiovascular procedures, such as PCI, to occur in the ASC setting.
- Some states require ASCs participating in the "hybrid" model to have a separate entrance and exit, separate scheduling, and separate payor contracts for the co-located ASC and office-based laboratory.
- Most states have an application process for an ASC to add a new service line and/or expand an existing service line, such as cardiovascular.
    - This process can take six months to one year in non-Certificate of Need ("CON") states, and even longer in CON states since the applicant has to obtain the approval from the state's CON board or department of planning, which takes on average 6 to 12 months.

How Would States React?

The California Case Study

- Cardiac catheterization is only permitted in OBLs (not ASCs!)
- In February 2020, after Medicare final rule, bill 3083 was introduced to authorize ASCs to perform Medicare-permitted CV procedures
- In May 2020, the bill was unanimously approved and it will take effect in January 2021

AMENDED IN ASSEMBLY MAY 20, 2020

CALIFORNIA LEGISLATURE—2019–20 REGULAR SESSION

ASSEMBLY BILL No. 3083

Introduced by Assembly Member Arambula

February 21, 2020

An act to amend Section 1255 of, to add Section 1256.015 to, and to add Article 5 (commencing with Section 100923) to Chapter 4 of Part 1 of Division 101 of, the Health and Safety Code, relating to health facilities.

How Will Hospitals React?

- In 2016, Medicare beneficiaries underwent more than 523,000 diagnostic cardiac catheterizations at outpatient hospital centers, resulting in an estimated $682 million in payments

- The PCI market, estimated at 900,000 cases in the U.S., with Medicare payments in excess of $10 billion annually.

- If a 25% shift of the current hospital PCI caseload to the ASC occurred, this could cost hospital cardiac programs over $3 billion annually.

How Would Hospitals React?

Stages of the Grief Cycle

"NORMAL" FUNCTIONING

Shock and Denial
- Avoidance
- Confusion
- Fear
- Numbness
- Blame

Anger
- Frustration
- Anxiety
- Irritation
- Embarrassment
- Shame

Depression and Detachment
- Overwhelmed
- Blahs
- Lack of energy
- Helplessness

Dialogue and Bargaining
- Reaching out to others
- Desire to tell one's story
- Struggle to find meaning for what has happened

Acceptance
- Exploring options
- A new plan in place

- Empowerment
- Security
- Self-esteem
- Meaning

RETURN TO MEANINGFUL LIFE

How Will Hospitals React?

- Lobby to reduce the impact of the rule on hospital-based PCIs
- Buy you
- Work with you
- All the above

Comparison of Medicare Fee-for-Service Beneficiaries Treated in Ambulatory Surgical Centers and Hospital Outpatient Departments

Prepared for:
American Hospital Association
April 4, 2019

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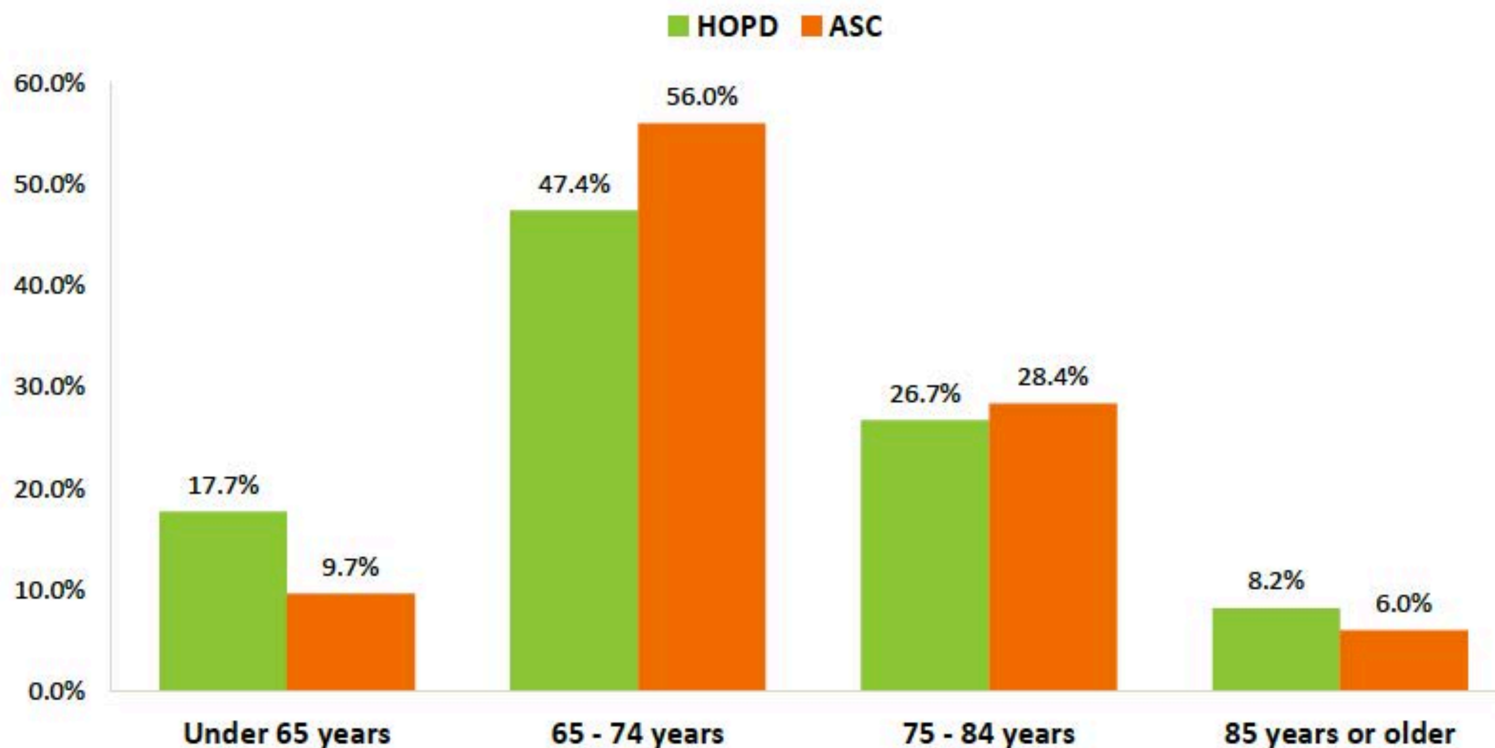
answering today's health policy questions

1.8x More Likely to be Under 65 Years[1] and 1.4x More Likely to be 85 Years or Older



Source: KNG Health Consulting, LLC analysis of 2016 -2017 Medicare claims data.

1. Medicare beneficiaries under 65 are individuals with certain disabilities, end-stage renal disease, or amyotrophic lateral sclerosis (ALS). (https://www.medicare.gov/sites/default/files/2018-11/10050-Medicare-and-You.pdf)

Medicare Patients Treated in HOPDs Are Sicker

- The severity of chronic conditions as measured by the Charlson Comorbidity Index is higher for beneficiaries seen in HOPDs.
- A greater percentage of HOPD patients have CCs and MCCs.

Indicator	ASC	HOPD
Average Charlson Comorbidity Index	2.16	3.12
% with at least one CC	52.8%	66.6%
% with at least one MCC	13.0%	23.0%

Medical conditions captured in Charlson Comorbidity Index: myocardial infarction, congestive heart failure, peripheral vascular disorders, cerebrovascular disease, dementia, chronic pulmonary disease, rheumatic disease, peptic ulcer disease, mild liver disease, diabetes without chronic complication, diabetes with chronic complication, hemiplegia or paraplegia, renal disease, any malignancy (including lymphoma and leukemia, except malignant neoplasm of skin), moderate or severe liver disease, metastatic solid tumor, AIDS/HIV.

Source: KNG Health Consulting, LLC analysis of 2016 -2017 Medicare claims data.

How Will Hospitals React…When Reality Sets in?

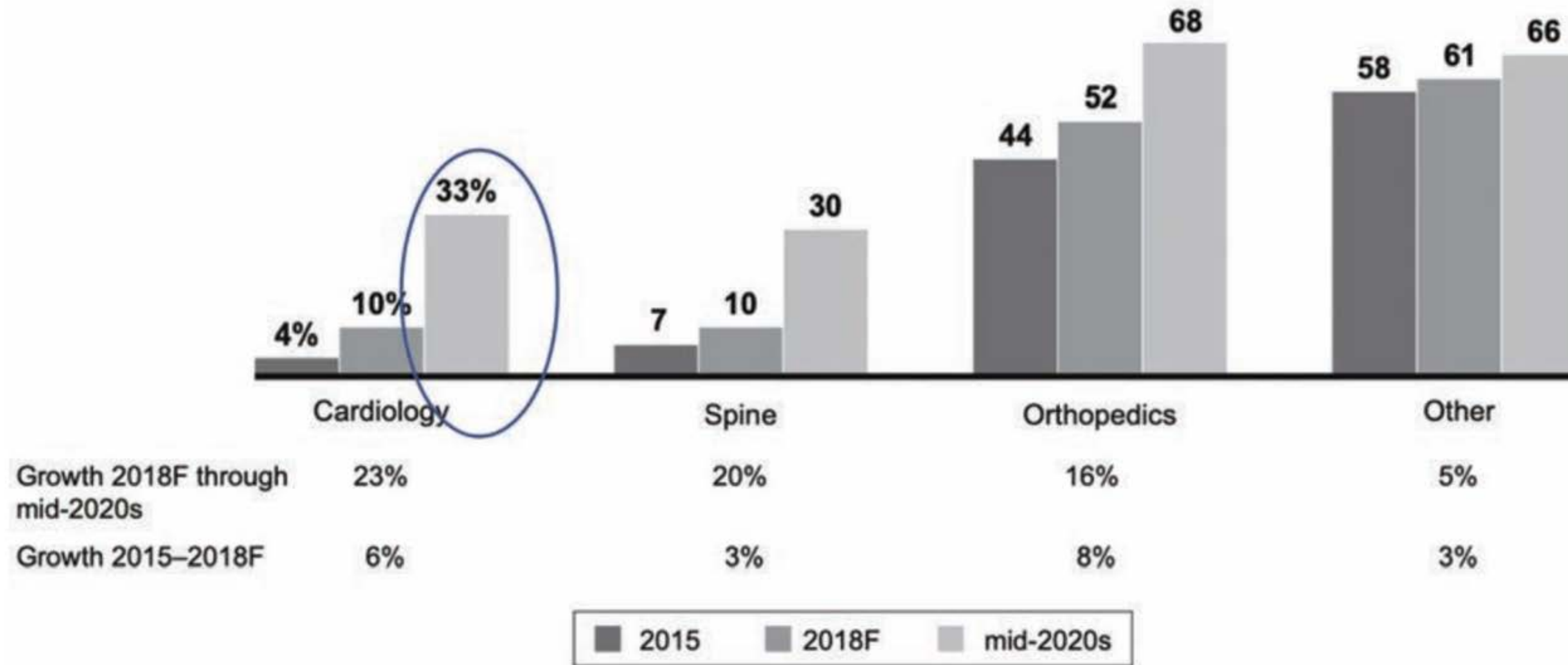


Figure 1. Percentage of procedures performed in ambulatory surgery centers. *F=forecasted.*
Used with permission from Bain & Company. From van Biesen T, Johnson T. Ambulatory surgery center growth accelerates: Is Medtech ready? Available online at https://www.bain.com/insights/ambulatory-surgery-center-growth-accelerates-is-medtech-ready/#. Accessed January 23, 2020.

Cath Lab Digest. 2020

How Will Hospitals React?

- Many health systems already own or have joint ventures in multi-specialty ASCs.
- Health systems with their own insurance product have even more incentive to adopt the concept of CV care in an ASC setting
- Cardiologists who are employed by or aligned with those health systems can easily enter into a joint-venture cardiovascular ASC.
- Independent cardiologists who are unable to establish own ASC can also enter a joint-venture model with a health system. The health system can provide space, access to managed care contracts, competitive vendor contracts, and potentially access to a network of primary care physicians.

ASC Cardiovascular Program Development
What should You Do?

- Educate yourself
- Reach out to potential partners and/or health systems
- Financial modeling-planning is critical
- The time to act is now
- Of course, it's easier said than done!

ASC Cardiovascular Program Development: The Basics

I. Co-management model, the ASC contracts with a cardiovascular medical group to develop, implement and manage a cardiovascular program within the ASC facility.

II. Hybrid model, involves the co-location of a freestanding office-based laboratory, catheterization laboratory or vascular access center within the ASC facility.

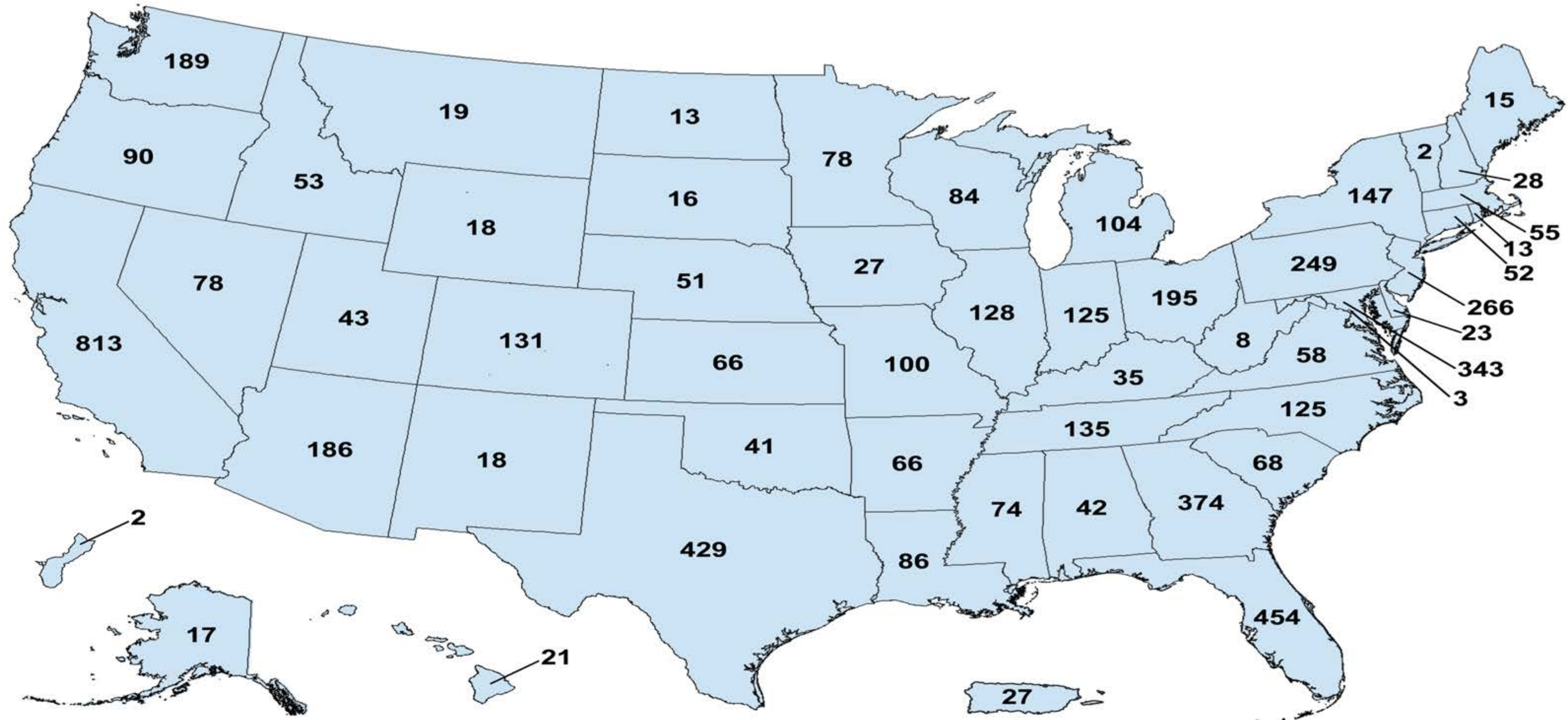
   I. The hybrid facility alternates as an office-based laboratory ("OBL") or an ASC for different purposes on different days, with the OBL and the ASC maintaining separate tax identification numbers and National Provider Identification ("NPI") numbers.

   II. The ASC and OBL are billed differently and have different reimbursement rates for the same procedures.

   III. The ASC receives facility fees and only performs procedures from a Medicare-approved list while the OBL receives an enhanced professional fee that combines a fee for the physician and fees for covering the expense of doing the procedure in the OBL.

   IV. A specific procedure may be billed at a higher or lower rate depending on whether it is provided by the ASC or the OBL.

Medicare Certified ASCs



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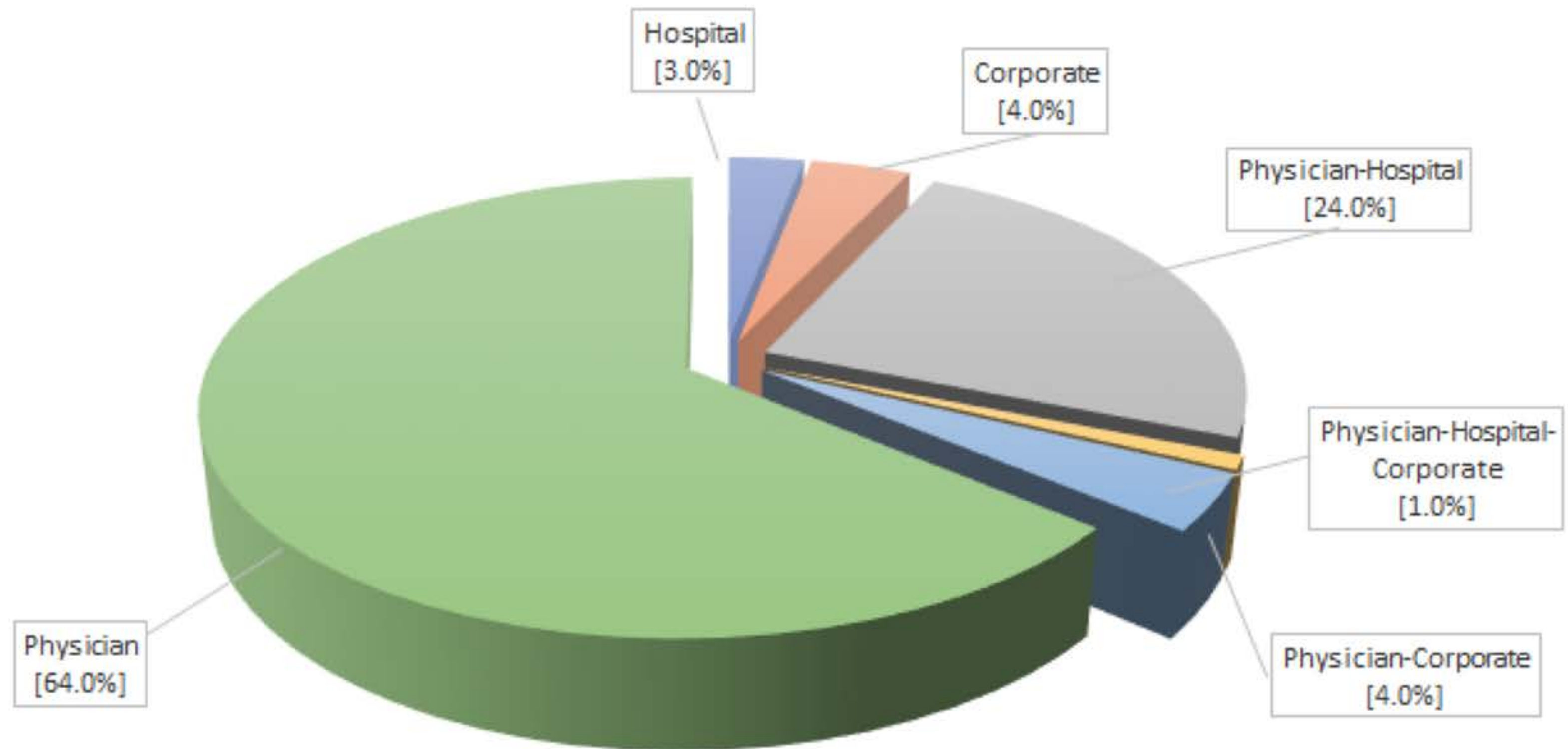
Medicare Certified ASCs

and More Coming Online

As of April 10, 2019 ***(Data from Definitive Healthcare's surgery centers platform)***

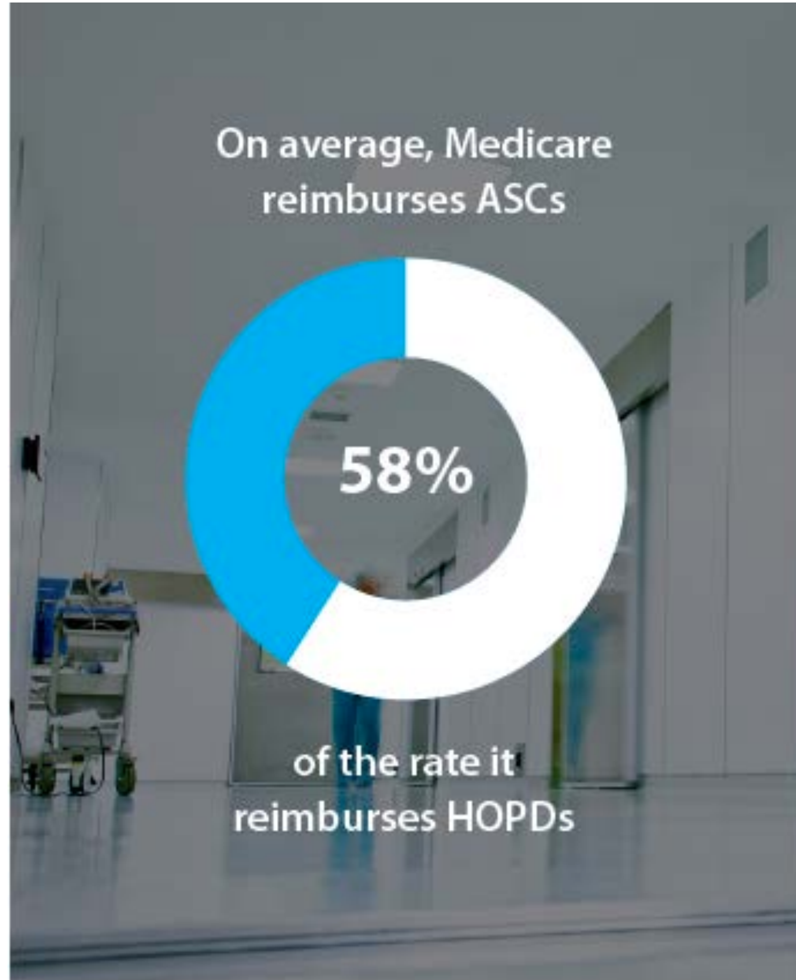
There more than **9,280 active ambulatory surgery** centers in the U.S. States with the Greatest Number of ASCs

- California: 1,213
- Florida: 722
- Texas: 710
- Georgia: 514
- Maryland: 434
- New York: 333
- New Jersey: 323
- Ohio: 317
- Arizona: 263
- North Carolina: 253


ASC Ownership
Hospital
[3.0%]
Corporate
[4.0%]
Physician-Hospital
[24.0%]
Physician-Hospital-
Corporate
[1.0%]
Physician-Corporate
[4.0%]
Physician
[64.0%]
ASCA's 2017 Salary & Benefits Survey

ASC Cardiovascular Program Development

Past Threats to Sustainability



- CMS used to apply different measures of inflation to determine the adjustments it provides to its payment systems for ASCs and HOPDs each year.
- For ASCs, that measure is the CPI-U, which is tied to consumer prices. For HOPD, reimbursement is tied to the hospital market basket, which measures inflation in actual medical costs.
- Consumer prices inflate slower than medical costs, so the gap in ASC and HOPD reimbursement rates used to widen over time.

ASC Cardiovascular Program Development

Medicare to the Rescue!

- CMS decided to continue to align the ASC update factor with that used to update HOPD payments.
- According to the final rule, CMS plans to continue using the hospital market basket to update ASC payments for calendar year (CY) 2020 through CY 2023 as the agency assesses this policy's impact on volume migration.

	ASC	HOPD
Inflation update factor	3.0%	3.0%
Productivity reduction mandated by the ACA	0.4 percentage points	0.4 percentage points
Effective update	2.6%	2.6%
Conversion factor	$47.747	$80.784

ASC Cardiovascular Program Development

Summary

- Great opportunity for cardiologists to take broader ownership of:
  - Care quality (appropriateness and outcomes)
  - Efficiency-cost
  - Credibility and Sustainability
- What to consider:
  - Comprehensive local market scanning
  - Partnerships
  - Detailed financial planning
  - Plan B…and C..