



NEW ZEALAND
TRADE & ENTERPRISE
Te Taurapa Tūhono

AMBULATORY SURGERY CENTERS (ASCs) IN THE UNITED STATES

MAY 2023

Overview

Background

There has been an increase in the number of ambulatory surgery centers (ASCs) in the US and many outpatient procedures that were previously being performed in hospital outpatient departments (HOPDs) are now being done in ASCs. As this market continues to grow and more and varied types of procedures are performed in these environments, it is worthwhile to understand some of the factors shaping this market and how best to sell into this rapidly growing market.

Purpose

This report seeks to provide a high-level overview of ASCs in the US for New Zealand businesses curious about pursuing opportunities with ASCs. It provides insight into which products would be a good fit for these types of clinics, the purchase cycle, and resources for more information and support.

Methodology

This report was generated using secondary desktop research based on publicly available sources and expert interviews with individuals with experience either working for or contracting with ASCs. Between March and June 2023, we conducted three interviews with individuals who have worked in ASCs.

Limitations

The information provided in this report is compiled from secondary and primary data resources. A variety of methodologies have been used to source the original data, and data points are often from differing time periods.

The latest information available has been used where available. As such the data in this report should be seen as indicative and not absolute.

What are Ambulatory Surgery Centers?

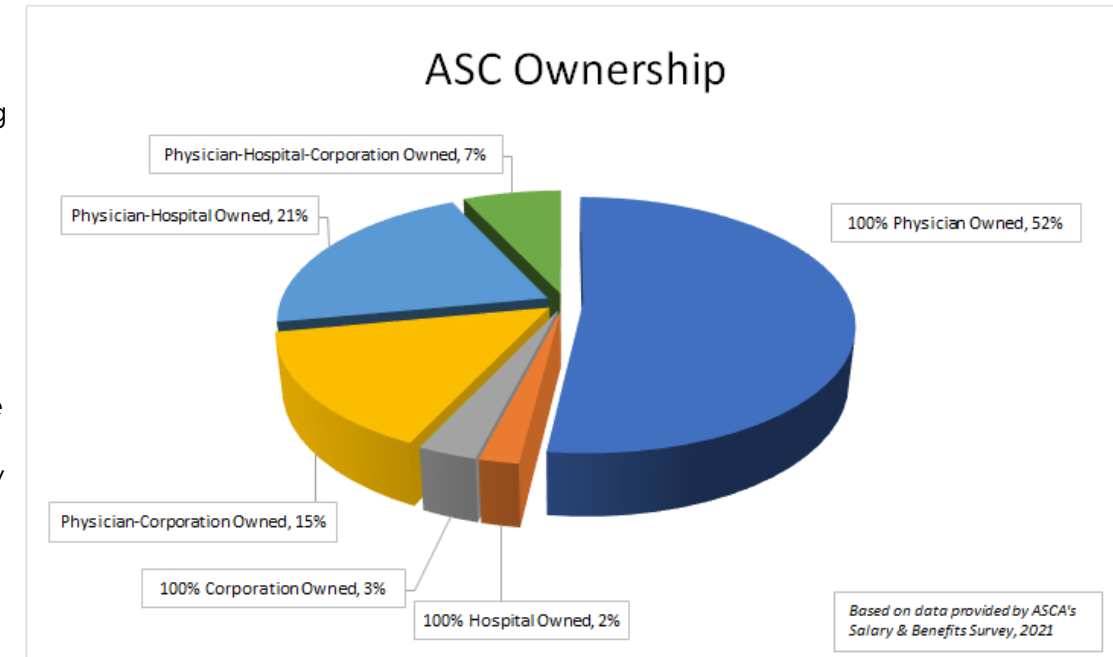
Ambulatory surgery centers (ASCs) are outpatient health care facilities that provide same-day surgical care, including diagnostic and preventive procedures.

They differ from hospital-based outpatient departments (HOPDs) in that ASCs are typically financially independent from hospitals and are often owned and run by physicians. More than 90% of ASCs are located in urban areas.

The number of ASCs increased by 32% between 2012-2022 and by 42% in revenue during the same time period

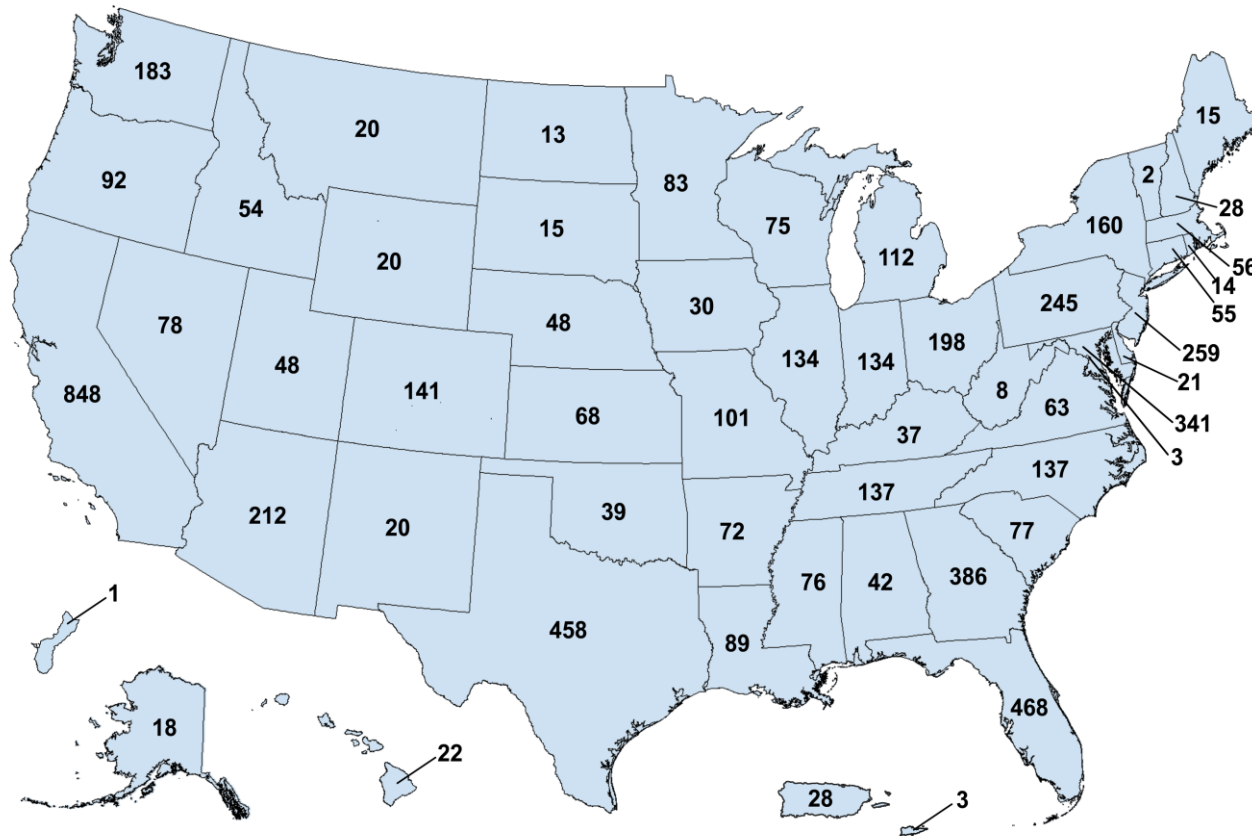
The number of ambulatory surgery centers in the US has been increasing in the past few decades. This has been partially fueled by advancements in medical technology which have made more surgeries less invasive, enabling them to be performed in outpatient settings. Additionally, more procedure codes have been approved (and in some instances, required) to be paid by Medicare when performed in an ASC setting where they may not have been before. For these reasons, continued growth in this market is expected.

One of the main things to note when considering selling to ASCs is their ownership structure, because procurement could vary based on who owns and has decision making power in the ASC. ASCs are typically owned and operated by physicians or physician groups, with one of the primary drivers for their existence being the autonomy craved by physicians in their operating environment. They have the final say over which equipment is used, scheduling, finances, etc. At the moment, approximately 52% of ASCs are still 100% owned by physician. That said, there are many ASCs that are owned or have majority equity share by corporate management companies or hospitals. Those are typically the larger ASC groups, companies who own multiple locations of ASCs which could result in greater volumes of sales but may not give the same level of decision-making autonomy to the physicians.



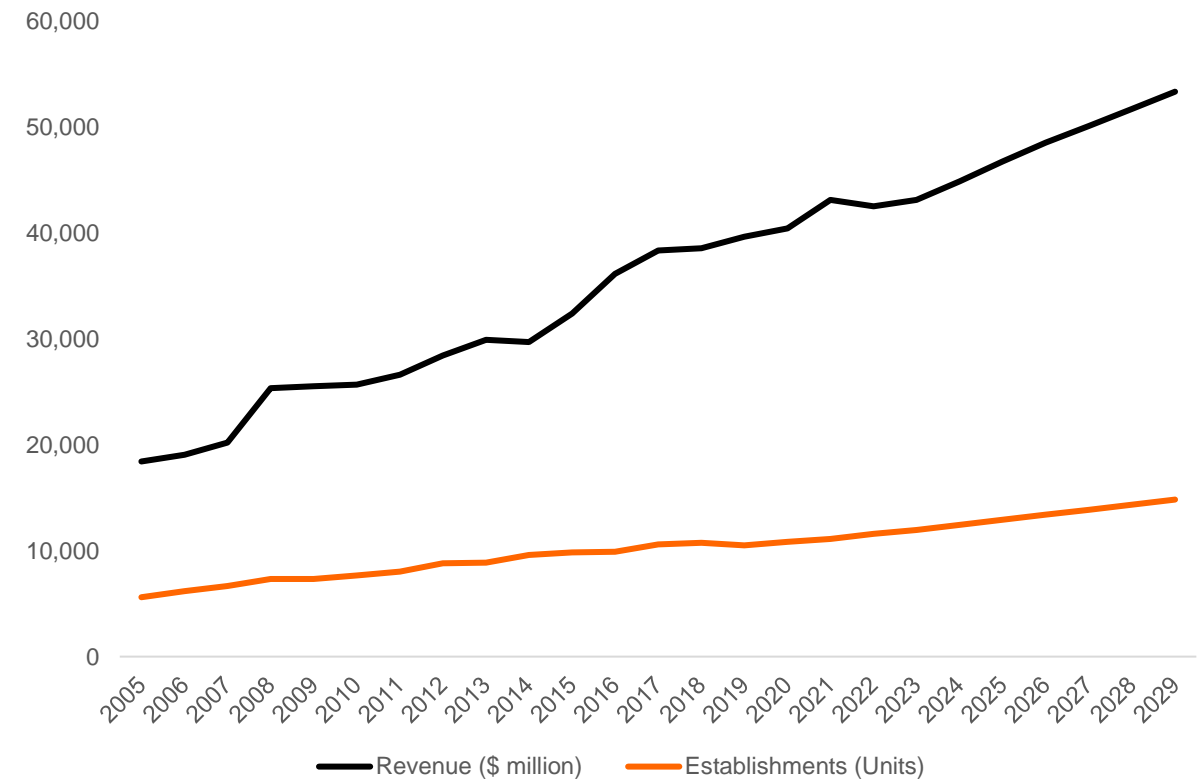
ASCs have been growing both in number of establishments and in revenue over the past few decades

Number of Medicare-Certified ASCs in the US by State



Growth of ASCs in US Since 2005 through 2029

ASCs Revenue and # of Establishments in US since 2005 and projected through 2029



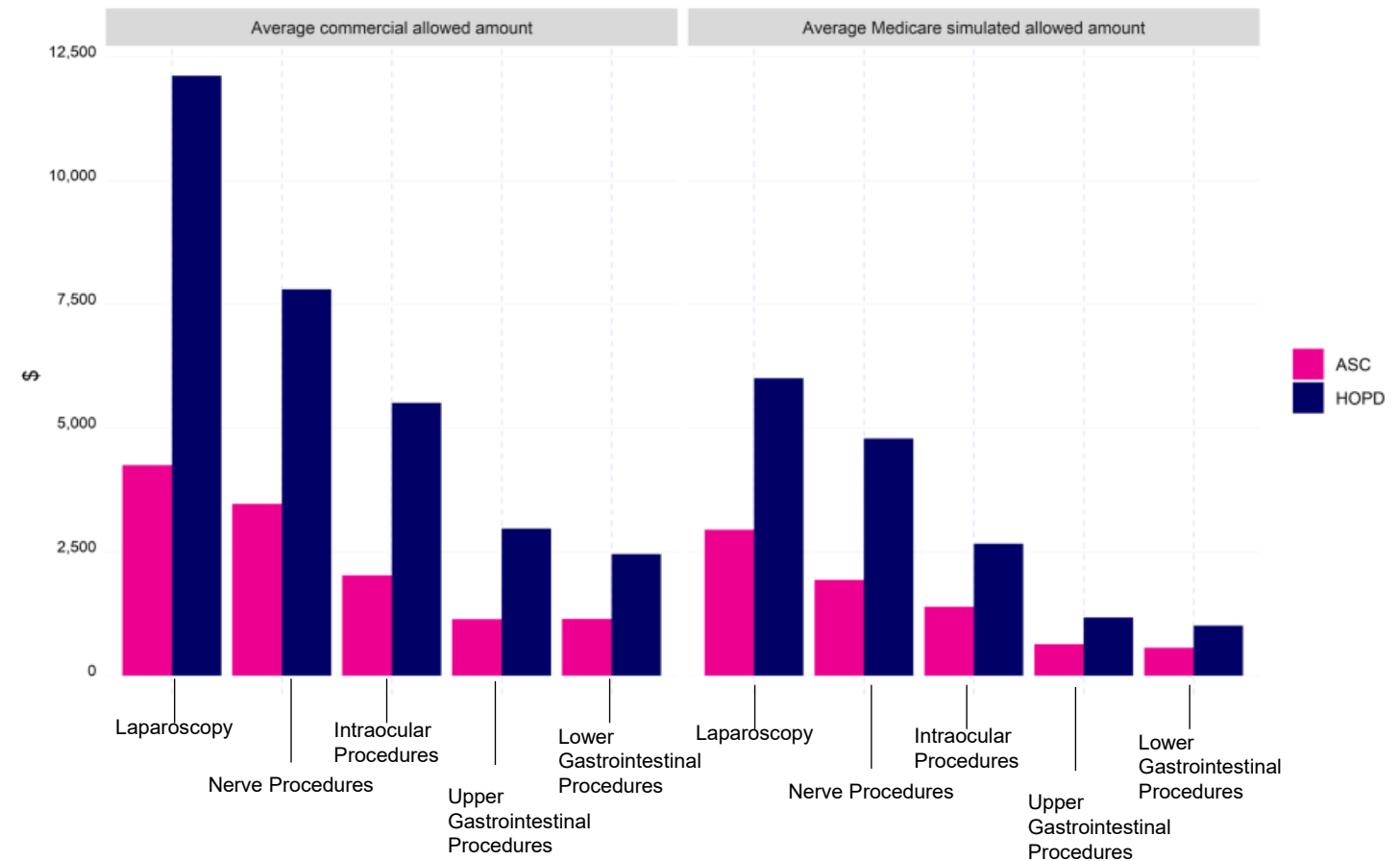
Source: Ambulatory Surgery Center Association, "Number of ASCs per State;" Ibisworld, "Ambulatory Surgery Centers in the US," updated in January 2023.

ASCs are reimbursed at much lower rates than HOPDs, both by commercial insurance and Medicare

It is a known issue that ASCs are reimbursed by both private insurance companies and Medicare alike at a much lower rate for the same procedures as HOPDs.

It is also worth noting that even when Medicare reimburses for a procedure, it likely will not reimburse for the device, which can present financial challenges for ASCs unless they pass that cost off to the patient. It is worth doing some research to understand the financial implications of ASCs adopting your product/device.

Figure 3.10. Hospital Outpatient Department and Ambulatory Surgical Center Commercial and Medicare Prices for Common Procedures, 2018–2020



Most common procedures performed at ASCs

Because they are outpatient facilities, cataract and colonoscopy procedures are the most common at ASCs

In ASC settings, cataract surgeries, colonoscopies and injections are the most common procedures by volume and sit in the top by charges as well. Because these types of procedures typically do not require hospitalization, they work well in an ASC setting. There are also some minimally invasive orthopedic surgeries that appear amongst the top 25 billed ASC procedures.

The top outpatient procedures at hospitals also include colonoscopies and injections or blood draws, but also tend to include wound repair and debridement because that is more in line with the purpose of a hospital setting.

Top 10 Outpatient Surgical Procedures by Volume at ASCs

Rank	HCPCS Code	Description	Volume
1.	66984	Cataract surg w/iol 1 stage	911,754
2.	43239	Egd biopsy single/multiple	782,955
3.	45380	Colonoscopy and biopsy	685,215
4.	45385	Colonoscopy w/lesion removal	513,228
5.	20610	Drain/injection in joint/bursa w/o us	504,989
6.	45378	Diagnostic colonoscopy	423,124
7.	36415	Routine venipuncture	323,408
8.	67028	Injection eye drug	245,923
9.	64483	Injection foramen epidural l/s	208,527
10.	66821	After cataract laser surgery	195,290

Fig 1 Data from Definitive Healthcare's platform on commercial claims analytics. Outpatient surgical procedure volumes at ASCs are from CY 2018.

Top 10 Outpatient Procedures by Charges at ASCs

Rank	HCPCS Code	Description	Charges
1.	66984	Cataract surg w/iol 1 stage	\$2,612,061,858
2.	43239	Esophagogastroduodenoscopy biopsy single/multiple	\$1,290,402,672
3.	45380	Colonoscopy and biopsy	\$1,220,958,306
4.	45385	Colonoscopy w/lesion removal	\$878,155,578
5.	45378	Diagnostic colonoscopy	\$742,164,103
6.	64483	Injection foramen epidural l/s	\$398,608,388
7.	29881	Knee arthroscopy/surgery	\$356,782,057
8.	27447	Total knee arthroplasty	\$347,490,853
9.	64721	Carpal tunnel surgery	\$316,187,182
10.	64493	Injection paravertebral facet joint lumbar/sacral spine 1 lev	\$295,193,844

Fig 3 Data from Definitive Healthcare's platform on commercial claims analytics. Outpatient surgical procedure charges at ASCs are from CY 2018.

ASCs cost significantly less than hospitals for same procedures

Procedures performed in ASCs cost Medicare 53% of the amount paid for the same procedure performed in an outpatient hospital setting in 2016.

Some claim the disparity in cost is due to cutting out the administration costs that come with running a hospital. In many cases, ASCs have lower administration and overhead costs and some will use this to explain the difference in costs.

According to a study from the Journal of the American Academy of Orthopaedic Surgeons, direct cost savings of 17-43% resulted from orthopedic procedures that were performed at ASCs and 80% of those cost savings were attributed to time savings in the OR.

Oftentimes, ASCs have specialties and the physician teams working there have the benefit of gaining efficiency by doing the same types of surgeries with relative frequency, which improves outcomes and reduces total time to perform. One additional benefit physicians working at ASCs have is autonomy over their medical equipment, which can also facilitate better outcomes.

Procedure	HCPSC Code	Avg Cost Difference at HOPD vs ASC
Cataract surgeries with IOL implants	66984	+\$1,285
Colonoscopies with lesion removal	45385	+\$605
Pacemaker insertion	00530	+\$213
Spine epidural injection lumbar sacral	64483	+\$94
Insertion and replacement of defibrillators	33249	+\$3,990

Orthopedic surgeries performed at ASCs are on the rise, largely due to changes in Medicare reimbursement

As Medicare agrees to reimburse more orthopedic procedures performed at ASCs, more are being done in an ASC setting.

Orthopedic procedures performed at ASCs are growing rapidly, partially because of Medicare's willingness to pay for these types of procedures to be performed in ASCs. It was not until 2020 that total knee replacements were added and total hip replacements were added in 2021.

As a result, knee and hip replacement surgeries are the fastest growing orthopedic surgeries to happen at ASCs. This does not mean that the total number of surgeries is increasing, rather that the location of where the surgeries are happening is changing.

Knee and hip replacements are the fastest-growing orthopedic procedures for ASCs

Percent change in procedures performed at ambulatory surgery centers between 2019 and 2021.

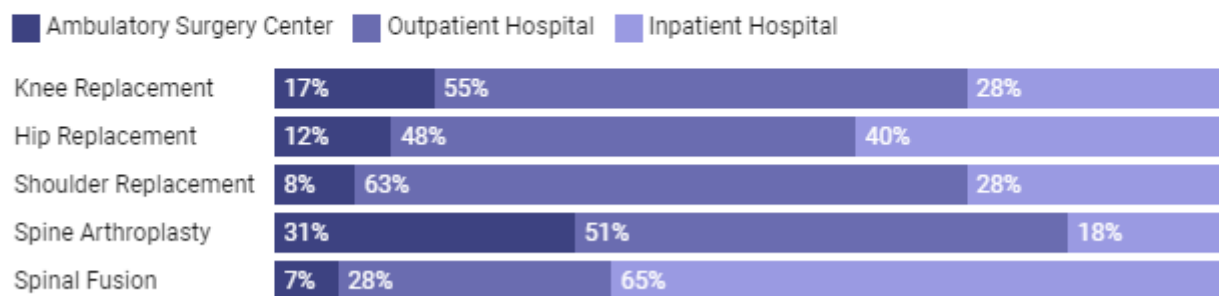


Medicare started covering knee replacements at ASCs in 2020 and hip replacements in 2021.

Chart: Elise Reuter • Source: Definitive Healthcare • Created with [Datawrapper](#)

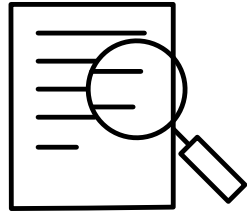
Hospital outpatient departments still lead in most orthopedic procedures

Percent of procedures by care setting in 2021.



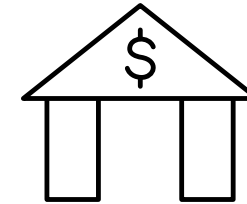
Note: Medicare does not yet cover hip or spine procedures at ASCs.

When seeking to sell to ASCs, a bit of background research will help



Data can help you find a list of ASCs

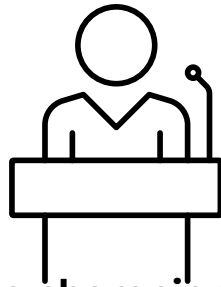
- There are some data sources out there that have lists of specialists in specific areas that can be purchased to help you narrow your search (Definitive Healthcare is one example)
 - 90% of ASCs are in urban areas, which is where the centralized populations are
- If you utilize these data sources, they can help you target by state, by metro area, by specialty in order to make a list that is best suited for your product of ASCs to focus on



Consider the ownership structure of the ASC

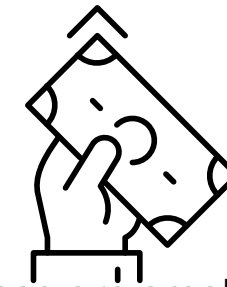
- The ASC market in the US is highly fragmented; approximately 60% of ASCs are still owned by physicians/physician groups
- Purchasing will be different depending on the ownership of the ASC so it is important to do your research to understand how an ASC is owned/operated and who would be a good fit for your device or service
 - 20% of ASCs are owned by corporate ASC management companies
- According to Becker's here are 10 of the largest ASC chains in the US as of 2021:
 1. United Surgical Partners International (Dallas): 312
 2. AmSurg (Nashville, Tenn.): 250+
 3. Surgical Care Affiliates (Deerfield, Ill.): 250+
 4. HCA Healthcare (Nashville, Tenn.): 142
 5. Surgery Partners (Brentwood, Tenn.): 109
 6. SurgCenter Development (Towson, Md.): 92
 7. Fresenius: 60+
 8. PE GI Solutions (Jamison, Pa.): 60+
 9. ValueHealth (Leawood, Kan.): 50+
 10. Covenant Physician Partners (Nashville, Tenn.): 48

Find a clinician to champion your product, offer innovative financing, and customer support



Finding a clinician to champion your product is key

- Work on building relationships with clinicians in the specialty that fits best with your product/services as 60% of ASCs are still physician owned/operated; they have the final say in many cases on the specific devices they use in their operating rooms. Even if the ASC is partially owned by a hospital or corporate management company, the physicians still have a lot of say in the products that are utilized.
- In order to find a physician who may champion your product, focus on attending conferences within the specialty of your product.
- Providing trials/samples of your product are key because they have a lot of decision-making power in an ASC setting; if you can get the clinicians to trial your product, they often have the latitude to implement



Because many of these are small businesses, offering innovative financing and great customer support is crucial

- Because so many ASCs are small, independent operations, they often need financing options or will rent equipment as they may not always have the capital to make large purchases outright
 - Some ASCs will procure all of their equipment from one equipment vendor if they offer reduced pricing in exchange for volume or subscriptions
 - Consider trying to sell to medical equipment companies that have departments specifically focused on ASCs as this is becoming increasingly popular; companies like Stryker, the largest orthopedics company by revenue, sees the growth potential in the ASC market and has a separate team focusing on helping ASCs with everything from construction and design to the equipment used in the ASC
 - It might be worthwhile to target GPOs or local distributors if targeting sales volume
- Experts who we interviewed mentioned that sending representatives in to demonstrate, answer questions, resolve issues that the physicians may have sometimes determined which product physicians selected; knowing they have easy access to support for problem resolution or troubleshooting is key.

Conferences and Champions Are Important

From the experts we spoke with, one of the most important factors in terms of adoption of new devices/equipment is finding a clinician who supports and champions your product. While easier in the physician-owned ASC model, in most ASCs the physicians have a significant amount of influence in choosing their devices and equipment so finding opportunities to get your product in the hands of these clinicians is key.

One key way to find get in front of clinicians, especially in your specialty area, is to find and attend trade shows.

The ASCA hosts a conference each year that is well-attended by physicians:

- ASCA Annual [Conference](#)



Also be sure to find out about which conferences are most popular for your particular product and specialty. Some examples are below:

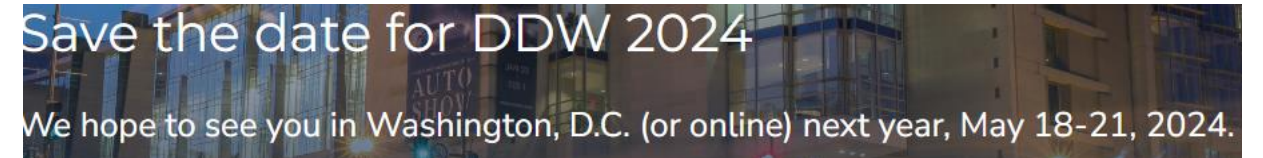
- American Academy of Orthopaedic Surgeons (AAOS) annual [conference](#)
- American Gastroenterological Association (AGA) [conference](#)
- American Academy of Ophthalmology (AAO) [conference](#)



2024 Annual Meeting
February 12-16, San Francisco, California



Digestive Disease Week® (DDW)



AMERICAN ACADEMY
OF OPHTHALMOLOGY®

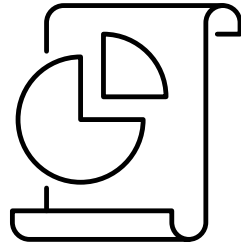
AAO 2023

AAO 2023

Friday–Monday, Nov. 3 - 6

AAO 2023 will take place in Moscone Center, [San Francisco](#).

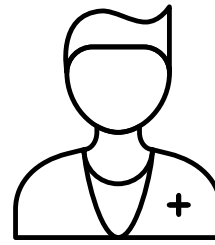
Key Takeaways



Ownership structure is important

The procurement process for ASCs could vary more than some other industries due to the fact that the majority of ASCs are still physician or physician group owned. Increasingly more large corporate management companies and hospital groups are opening or acquiring ASCs and understanding the ownership structure of the ASC you might be trying to sell to will be critical.

Sales volumes will likely be smaller when selling to the physician/physician group owned ASCs, but the physicians have decision-making power over the type of equipment they use. Physicians still have a lot of influence about the equipment used in ASCs that are owned by hospitals or corporate management companies, but processes can be slower.



Find a champion

The primary reason that physicians enjoy working at ASCs is due to the agency that they have when working in this setting as compared to a hospital setting. It could be much faster to sell your product/device to an ASC than to a hospital and the easiest way to success is to find a clinician to champion your product. They typically like to trial new products and prefer when there is a representative available to help demonstrate the product and troubleshoot any issues.

If you can get your product into a physician's hands and win them over, they generally have the latitude in an ASC setting to adopt your product. We learned that more than cost, physicians care about how well the product works, how easy it is to use, how durable and how easy it is to access support.



Growing specialties

At the moment, the most popular specialties for ASCs are gastroenterology and ophthalmology. Orthopedics are growing in popularity in an ASC setting largely due to policy changes allowing those procedures to be reimbursed in an ASC setting and experts expect cardiology to be a specialty that will grow in an ASC setting with improvements in medical technology, reducing overall surgical risks.



NEW ZEALAND
TRADE & ENTERPRISE
Te Taurapa Tūhono

Disclaimer: This document only contains general information and is not formal advice. The New Zealand Government and its associated agencies ('the New Zealand Government') do not endorse or warrant the accuracy, reliability or fitness for any purpose of any information provided. It is recommended that you seek independent advice on any matter related to the use of the information. In no event will the New Zealand Government be liable for any loss or damage whatsoever arising from the use of the information. While every effort is made to ensure the accuracy of the information contained herein, the New Zealand Government, its officers, employees and agents accept no liability for any errors or omissions or any opinion expressed, and no responsibility is accepted with respect to the standing of any firms, companies or individuals mentioned. Please understand that, although your specific needs may drive the direction of our research, our reports are prepared for NZ exporters generally and are likely to be shared with multiple exporters and/or published on myNZTE.