



Testimony on HB2362

The Oregon Ambulatory Surgery Center Association represents an industry of more than 90 outpatient surgery centers throughout the state. From 1 physician to more than 2 dozen, our centers serve both urban and rural residents. In total, there are approximately 1,400 physicians providing surgical services in the ASC environment. ASCs in Oregon routinely provide surgical services for a fraction of the cost of other health care settings and have patient satisfaction levels in the 90th percentile.

From a national perspective, recent analysis of Medicare payment data shows that ambulatory surgery centers (ASC) reduced Medicare costs by \$28.7 billion from 2011 through 2018 by providing services to beneficiaries that otherwise would have been provided in higher-cost outpatient departments, according to the national Ambulatory Surgery Center Association (ASCA).

2020 was a difficult year for Oregon’s community-based ASCs. Our practices were shuttered by the COVID restrictions for more than two months and operated on greatly reduced caseloads for much of the rest of the year. Revenues for some facilities were down in 2020 and some struggled to remain open.

Prior to the pandemic, ASCs routinely worked to create opportunities for greater efficiencies, expanded services, and improved patient care. These often have involved partnerships, collaborations, and even mergers. Our clinics have been able to remain competitive with systems that receive much higher Medicaid and private reimbursement rates because of our efforts to pursue these types of innovations. In some cases, clinics have merged with larger health systems. In other cases, we’ve joined in voluntary collaborations. As older surgeon owners near retirement, practices are sometimes sold, or merged with other practices. Each of these preserves health care options for consumers, and allows clinics to pursue administrative efficiencies. The health care industry is a competitive marketplace, and through these efforts, ASCs have been able to maintain their contributions to the Triple Aim: high quality service, with reasonable prices, and high patient satisfaction.

These are two examples of a merger and a joint venture, both large enough to fall under the provisions of this bill, which are leading to clear benefits both for patients and to solving the access issues.

“Our partnership with Providence and then their acquisition of surgery centers has brought a more affordable, high quality option to many PHP patients across the Portland market. It also allowed patients during COVID, to have needed surgeries, like breast biopsies and mastectomies, when the hospital ORs shut down non-emergency cases.”

“...a joint venture with Salem Health and at least three other medical groups further expands the available ASC capacity in Marion-Polk counties in anticipation of increased demand for low cost, high quality surgical care. This and other physician-hospital joint ventures demonstrate that surgeons and hospitals are working together to recognize and fully adopt ambulatory surgery centers to meet the growing health care needs of our region. These new facilities will need qualified staffing, which is in short supply, especially during this pandemic.”

As many ASCs are struggling to recover from the 20, 25 or even 30% drop in revenues in 2020, now is not the time to impose additional costs on Oregon's small and medium size businesses.

Finally, there is little evidence that we have seen that indicates that the type of expansive, government focused review and regulatory system proposed in HB2362 will reduce costs to consumers. Similar efforts were defeated last year elsewhere -- including California -- for just this reason.

Oregon's fragile, COVID damaged health systems need to focus on:

- Patient care
- Strengthening the workforce, and
- Rebuilding systems and preparing to maintain access for an aging population, which is expected to double the need for surgical services over the next decade.

The tools that HB2362 seeks to have the government regulate and restrict are exactly the tools that our members will need to use to preserve access to care, quality services (especially in rural areas) and realize economies of scale and efficiencies that can help keep costs down.

Thank you.

Research into Savings

[Do Hospital Mergers Reduce Costs?](#)

“I find evidence of economically and statistically significant cost reductions at acquired hospitals. On average, acquired hospitals realize cost savings between 4 and 7 percent in the years following the acquisition.”

[Mergers and Marginal Costs: New Evidence on Hospital Buyer Power - 2018](#)

“We find that merger target hospitals save on average \$176 thousand (or 1.5 percent) annually, driven by geographically local efficiencies in price negotiations for high-tech “physician preference items.””

[Schmitt, Matt, "Do Hospital Mergers Reduce Costs?" *Journal of Health Economics* 52 \(2017\)](#)

“On average, acquired hospitals realize cost savings between 4 and 7 percent in the years following the acquisition. These results are robust to a variety of different control strategies, and do not appear to be easily explained by post-merger changes in service and/or patient mix.”