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Review

Expanding the scope of ambulatory surgery in the USA

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This paper will look at the growth and widening scope of ambulatory surgery in the USA. Factors included are the ability to perform advanced procedures in ambulatory surgery centres due to new medical technology such as arthroscopic and endoscopic surgery. This paper also looks at the advent of recovery care facilities used in conjunction with ambulatory surgery centres and their impact on utilization of surgery centres.

Key words: Ambulatory surgery, surgery centres, USA

The scope of ambulatory surgery in the non-hospital setting has seen great growth since the first freestanding ambulatory surgery centre opened in 1970 in the USA. Today, over 1500 facilities have been developed. These facilities, which are not housed within hospitals, are completely separate entities in structure, ownership and management. They currently provide outpatient surgical care for over 2½ million patients a year and those numbers continue to grow.

One of the primary reasons for the scope of ambulatory surgery being able to expand beyond the confines of the hospital to the efficient, lower costing surgery centre setting is the doctors' ability to perform more minimally-invasive surgery with fewer serious side effects experienced by the patient, caused by anaesthesia and post-operative pain. This is due to the advancements in analgesia and medical technology such as laser and arthroscopic surgery.

To take a more complete look at why there is such growth in the non-hospital outpatient surgical setting in the USA we will address the current status of ambulatory surgery centres in the USA and the ability to perform advanced procedures at surgery centres with the advent of recovery care facilities.

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Current status of ambulatory surgery centres

The cost of healthcare

The increasing cost of healthcare is a serious problem in the USA. The US Department of Health and Human Services reported that healthcare spending went up to 10.5% in 1990. That meant that $643 billion was spent that year with federal, state and local governments paying $212 billion of the total; businesses spending $186.2 billion and households spending $224.7 billion[1].

In its 1992 economic forecast the US Department of Commerce stated that in 1991 US healthcare spending represented 13% of the country's gross national product (GNP). This was up from 12% of the GNP in 1990 and they projected it to be 14% in 1992[2].

Another study noted that 12% of a US family's annual income went to healthcare[3]. This includes out-of-pocket expenses for drugs, insurance deductibles and premiums. Thus, the average family in the USA spends $4296 on healthcare per annum. It is predicted that they will spend 16% of their annual income on healthcare by the year 2000.

Growth in the number of surgery centres

Due to increasing medical costs, patients, third party payors and the government are looking for cost efficient healthcare providers that can provide high quality care. Doctors are also seeking healthcare facilities that provide modern technology, easy access and more personalized care for their patients. The doctors need facilities for their ambulatory surgery patients that allow easy access for scheduling operating room time. The facility must be modern, with the latest medical technology, and have

Table 1. Ownership of surgery centres

	%
Independent	79.7
Corporate	12.7
Hospital	7.6

Table 2. Percentage of surgery centres with contracts

	%
HMOs	51.2
PPOs	51.0

trained nurses and technicians. The surgery centre provides such an environment because it is smaller and less bureaucratic than the hospitals. Since the operating rooms at surgery centres are only used for outpatient surgery, doctors are assured that their scheduled times will not be delayed or cancelled due to emergency surgery or more complicated surgery that inpatients receive in the hospital setting.

Many of the surgery centres are independently owned by doctors making it easier for the owners to decide upon and vote the appropriate funds to purchase more modern, advanced equipment (see Table 1)[4]. They do not face the more severe budgetary restraints and procedures they would have to go through in a large hospital to approve and acquire new equipment.

Patients prefer having their outpatient surgery performed in the freestanding ambulatory surgery setting rather than the hospital[5]. They find that the surgery centre setting is smaller and less hectic. They do not have as much paperwork to complete and find the smaller setting more personalized. In addition, many patients must pay a co-insurance payment for their medical care. This will be a percentage of the bill. For example, the insurer may pay 80% of the patient's bill and the patient pays the remaining 20%. Thus, the lower costing surgery centre will help the patient effect a saving on their healthcare expenses.

The third party payors also appreciate the lower cost setting the surgery centre provides. In 1991 more surgery centres were contracting with health maintenance organizations (HMO) and prospective payment organizations (PPO) to provide outpatient surgery for their beneficiaries (see Table 2)[6].

By meeting the needs of the patient and doctor as well as providing a more cost efficient system, surgery centres have become popular with the doctor, patient and payor. The result of this popularity is that the number of surgery centres opening each year has increased dramatically.

In 1970 there were only two freestanding surgery centres in the USA; by 1975 there were 42; in 1980 127 surgery centres had opened. The number more than doubled in the next five years and by 1985, 459 facilities were operating. By the end of the decade that number had almost tripled with 1383 surgery centres[4], and in 1991 there were 1556 facilities (see Table 3).

Table 3. Growth of surgery centres (1970–91)

Year	*No. of surgery centres*
1970	2
1975	42
1980	127
1985	459
1990	1383
1991	1556

Changes in government regulations

Changes in the way the US government reimburses healthcare providers for beneficiaries of government healthcare programmes (such as Medicare for citizens over 65 years of age) affect surgery centres. Changes in the regulations affecting ownership of medical facilities also affect surgery centres.

Reimbursements

With respect to reimbursements for outpatient surgery, the federal government is considering ways to lower costs of healthcare for the millions of beneficiaries of government-sponsored medical programmes. Due to the nature of the procedures required for older patients under the Medicare programme, a large number of these procedures, such as cataract surgery, are performed on an outpatient basis. In 1990 almost 30% of all surgeries performed in surgery centres were cataract procedures.

A 1988 study conducted by the US Department of Health and Human Services[7] found that Medicare payments to hospital outpatient departments exceeded payments to ambulatory surgery centres by 73.6% for cataract surgery. For upper gastrointestinal (GI) surgery Medicare payments were 26.3% higher in the hospital outpatient department compared to the surgery centre and for colonoscopies they were 43.8% more expensive. The Medicare facility reimbursement for cataract surgery averaged $489 to the surgery centre and $879 to the hospital outpatient department. For GI endoscopies Medicare was reimbursing surgery centres $218 and the outpatient department $276. The hospital averaged $331 for outpatient department colonoscopies and $213 at the surgery centre.

Currently the US government is considering paying surgery centres and hospitals the same reimbursement amount for outpatient surgery resulting in great savings to the Medicare programme. The estimated annual savings on cataract surgeries alone would be over $107 million.

In addition to levelling the reimbursement rates to hospitals and surgery centres for outpatient procedures

Table 4. Percentage of Medicare surgeries at surgery centres in 1990

By type of ownership	%
Independent	48.23
Corporate chain	38.25
Hospital-owned centre	30.92
Total (average)	39.13

Medicare has also expanded the list of procedures it will reimburse if performed in a freestanding ambulatory surgery centre. Despite the fact that any procedure the doctor deems suitable to be performed on an outpatient basis is reimbursed by Medicare if performed in a hospital outpatient department, there is a limited list of procedures Medicare will reimburse if performed in a surgery centre. This results in many outpatient procedures being performed on Medicare beneficiaries in the more costly hospital setting. This practice exists despite the fact that a government report proclaimed ambulatory surgery centres just as safe an environment for outpatient surgery as a hospital[5].

A decade ago, in 1982, Medicare approved 200 procedures that it would reimburse if performed in a surgery centre. Today that list has been expanded to over 2000 procedures. However, further expansion would increase the number of Medicare patients who could have their outpatient surgery performed at ambulatory surgery centres (see Table 4)[4]. With Medicare's expansion of this procedures list more patients will be utilizing the surgery centre setting, thus creating additional growth of such facilities.

Ownership

Some changes in the past few years affecting ambulatory surgery centres are due to new federal guidelines called 'safe harbour' regulations. These regulations are issued by the Office of the Inspector General of the Department of Health and Human Services and have an impact on the ownership of many medical facilities in addition to surgery centres, such as diagnostic centres, therapy centres and radiation centres. The regulations are designed as 'antikickback' preventive measures. Their purpose is to prevent doctors from referring patients for tests, therapy and other forms of medical treatment to facilities with which the referring doctor has an ownership or other form of financial interest.

The federal government has issued some 'safe harbours' and will be issuing more in the future. These 'safe harbours' outline ownership and other practices that are not regarded as violating the 'antikickback' regulations. At the present surgery centres that are independently owned by doctors who refer patients to them are not protected under the existing 'safe harbours'. However, the Office of the Inspector General plans to publish additional 'safe harbours' in the future which they have stated will include 'safe harbours' for such surgery centres.

It is felt that the surgery centre, unlike a diagnostic centre or therapy centre, is more of an extension of the doctor's workplace, such as the hospital, and therefore a doctor should be able to refer patients to a surgery centre in which he or she has an ownership interest. One extensive study on ownership of different types of medical facilities found very little abuse of doctors referring patients for unnecessary treatment to surgery centres in which they had a finanical interest[8]. In the meantime, some doctors have been seeking publicly traded firms to buy ownership in their facilities to provide them protection under the present 'safe harbours' and some firms have been actively trying to acquire these facilities. Other centres are waiting until the additional 'safe harbours' are issued.

Until additional 'safe harbours' for surgery centres are issued these 'antikickback' regulations may cause some doctors who are considering opening a surgery centre to wait until the new regulations are issued. Alternatively, these doctors can consider going into partnership with a publicly traded firm which would allow the centre to fall within the current 'safe harbour' guidelines.

The advent of recovery care facilities

Another reason for the expanding growth of surgery centres is the ability to perform more complicated procedures at these facilities. This is due primarily to advancements in analgesia, medical technology and the addition of recovery care to the surgery centre.

Advanced procedures

A study conducted by the American Hospital Association of surgeries performed in 1990 indicated that, for the first time, more outpatient procedures were performed at hospitals than inpatient surgeries[9]. Over 11 million of the 22 million surgeries conducted that year were outpatient procedures. While the number of inpatient surgeries decreased at hospitals, outpatient surgeries have quadrupled in the decade from 1980 to 1990.

The volume of outpatient surgeries at ambulatory surgery centres has also increased dramatically[5]. In 1988 over 1.7 million surgeries were performed at these centres, which was an increase of over 25% from the previous year. In 1991 over 2.5 million procedures were performed at surgery centres. Advancements in medical technology have played a major factor in determining the types of procedures that were previously performed on an inpatient basis, and now can be performed on an outpatient basis at the hospital and in surgery centres.

Recovery care facilities

However, another trend having an impact on the utilization of surgery centres, by allowing more complicated procedures to be performed there, is the advent of recovery care facilities. Recovery care in conjunction with the surgery centre can be provided in a number of different

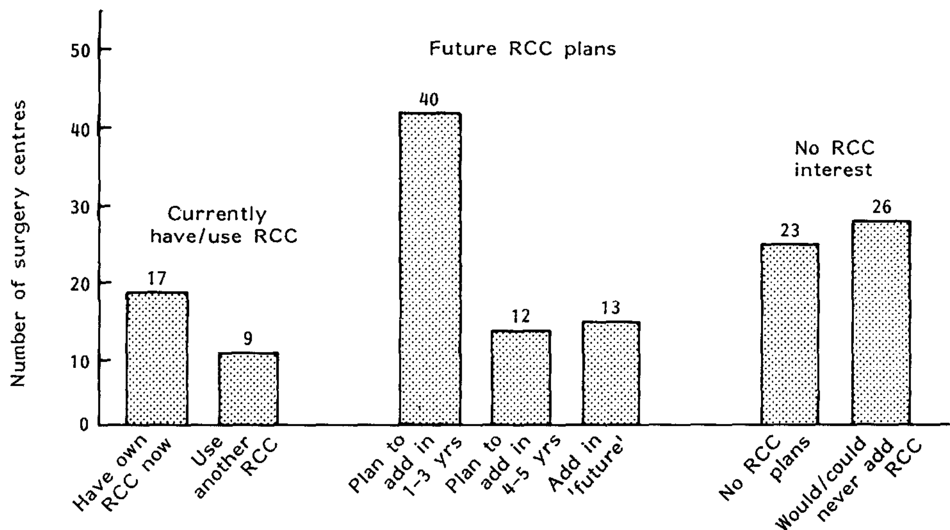

Figure 1. Two-thirds of ambulatory surgery centres have, use or plan to add recovery care capabilities (n = 140).

settings. The more prevalent at this time are the 23-h recovery care beds, recovery care centres, medical hotels and home care. All offer the patient who does not require hospitalization the opportunity to recuperate after surgery in a medically-supervised environment that is less costly than the hospital setting.

Currently over 16 states in the USA allow surgery centres to provide up to 23 hours of care. This allows the doctor to keep the patient overnight for observation or pain control following surgery, thus allowing procedures to be performed at the surgery centre that would otherwise have had to be performed in the hospital. In some instances the state has allowed surgery centres to provide recovery care for a longer period than 23 h.

The types of facilities at which the surgery centres provide overnight care are proving to be very competitive with the less attractive and more costly hospital setting. For example, two recovery care facilities built in the state of North Carolina, which has a 23-h rule, for extended recovery care to surgery centre patients, provide attractive, homelike bedrooms and private bathrooms for patients. The furnishings are not standard metal hospital beds and a visitor's chair, but hospital beds that have wood-finished headboards with matching chairs, bureaux and sofas in the rooms. In many instances the sofas convert into beds, allowing a patient's spouse or parent to stay during the night. Each room still has the necessary hook-ups for oxygen but they are concealed in bedside wall compartments that fit in with the decor of the room.

The medical hotels are very similar to the recovery care centres. Some of them had been built in conjunction with hospitals which had high occupancy rates for their beds. To free hospital beds for more acute patients, hospitals would place less acute patients in the medical hotel for care. Like the recovery care centre the medical hotel has a licensed nurse and nursing aides overseeing the medical needs of the patients. The charges at the medical hotels can be considerably less than the hospital costs. One such New England facility charges $190 per day compared to $800–900 per day for care at the nearby hospital, thus offering savings to the patient and third party payor. Several medical inns in California link up surgery centres with luxury recovery hotels. They charge $700 per day which includes the outpatient surgery facility fee, meals and lodging. Patients utilizing the recovery care inns have procedures performed such as hysterectomies and gall bladder removals.

Home health care is another means of allowing surgery centre patients to have more advanced procedures performed in the outpatient setting and allow recuperation in the comfort and privacy of one's own home. With the assistance of a visiting nurse, a patient can return to their home after outpatient surgery and receive injections for pain control and recovery monitoring without having to stay overnight in a strange setting. Surgery centres contract with visiting nurse agencies to provide services. Only patients who are deemed by the doctor as appropriate for this type of recuperation participate in home recovery. However, it does provide a less stressful setting for the patient.

Table 5. Annual operating room utilization

	Patients per OR
With recovery care	779
Without recovery care	744

There are currently 32 recovery care facilities in the USA. Respondents to a survey conducted by the Federated Ambulatory Surgery Association (FASA)[10] noted that two-thirds of them either use their own recovery care centre in conjunction with their surgery centres, use another recovery care facility or plan to use one in the future (see Figure 1). The FASA survey showed that of the 140 responding surgery centres, those with overnight capabilities had a higher utilization rate for their operating rooms (see Table 5).

All surgery centres with recovery care capabilities were located within 10 min of a hospital and all but one of these surgery centres was a multi-speciality facility. Of the 17 facilities responding that currently had recovery care facilities most had four beds or less (see Table 6).

The surgery centres with recovery care capabilities also noted a 20% increase in the number of surgeries performed per month. Very few reported a need to transfer patients to the hospital from the recovery care facility (see Table 7).

Table 6. FASA survey results showing numbers of beds in 17 responding surgery centres with overnight capabilities

No. of beds	*Recovery care centre on-site*
4 or less	12
5–9	1
10–14	2
15–19	1
20 or more	1

Table 7. FASA survey results showing numbers of hospital transfers in 12 responding surgery centres

	No. of patients recovered	*No. of transfers*
1	853	2
2	728	2
3	540	0
4	487	2
5	410	1
6	53	2
7	36	0
8	26	0
9	19	0
10	18	0
11	16	3
12	10	0

The primary reason surgery centres add recovery care capabilities to their facilities is to enable them to perform more complex procedures and increase volume. The other reasons cited are given in Figure 2.

Conclusion

The FASA survey indicated the interest on the part of surgery centres to expand their facilities to include recovery care capabilities. Of primary concern is the desire to be reimbursed by third party payors and government healthcare programmes for providing such services. Due to the cost savings of having a patient recuperate in one of these facilities compared to the hospital setting third party payors and patients are very interested in the development of such facilities.

The US federal government is also taking an interest. The Health Care Financing Administration is considering a reimbursement category for subacute care in recovery care centres for Medicare patients. Currently Medicare does not reimburse such centres and Medicare patients and the government are not experiencing the savings and services these facilities offer.

With the number of outpatient procedures performed in surgery centres expected to reach 4 million by 1994 and nearly 14 million in the hospital setting by the same year[6], overnight recovery care facilities should prosper. They provide an answer to the growing need for high quality, cost-effective healthcare in the USA.

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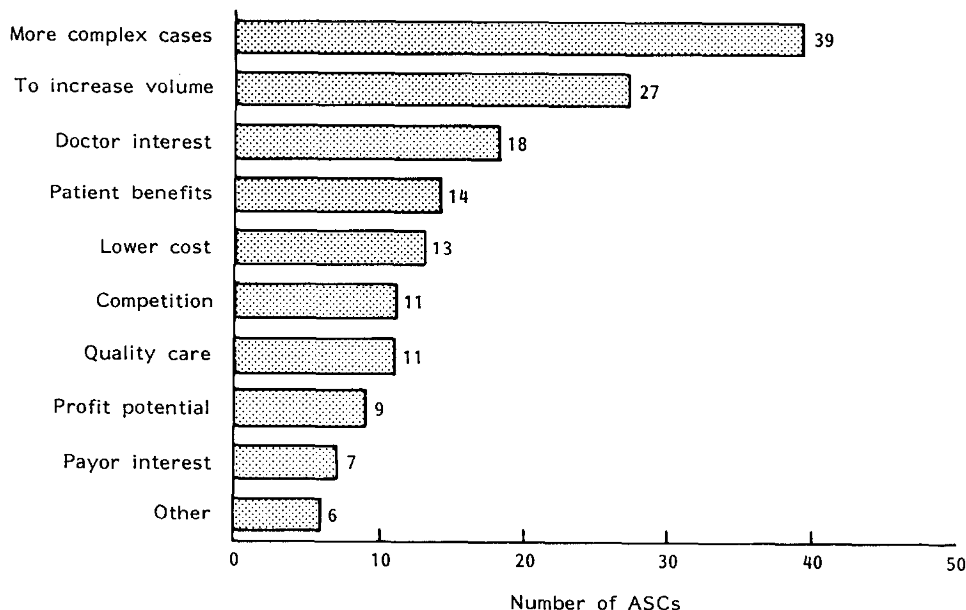

Figure 2. Desire for more and increasingly complex surgeries motivate ambulatory surgery centres to add recovery care capabilities ($n=103$).

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