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CWCI/WCIRB Study Confirms Post-Reform Reductions in ASC Facility Fees

Average facility fees paid to ambulatory surgery centers (ASCs) for treatment of injured workers in California have declined 27% per episode and 29% per procedure since fee schedule changes mandated by SB 863 were adopted in 2013 according to updated data from a joint study by the California Workers' Compensation Institute (CWCI) and the Workers' Compensation Insurance Rating Bureau of California (WCIRB). The findings, which confirm preliminary results published last year, show cost reductions under the ASC fee schedule adopted by the state slightly exceed the WCIRB's 2012 estimate of a 25 percent reduction in ASC costs, which was included in the January 1, 2013 Pure Premium Rate Filing.

The new study calculates and compares the average amounts paid for workers' compensation outpatient surgery services rendered in the year preceding the adoption of the revised fee schedule (2012) and in the first 18 months after the revised fee schedule took effect (January 2013 through June 2014). Payment results were measured both on a per procedure basis using CWCI data, and a per episode basis using WCIRB data. In addition, the authors looked for changes in several other factors that can affect the total amounts paid to ASCs.

Among the key findings of the report are:

- Since the fee schedule changes took effect in January 2013, the average amount paid per ASC procedure has dropped 29 percent, while the average ASC service payments per surgical episode have fallen 27%.
- The average amount billed per procedure has declined 2.5 percent, while the average network discount for ASC services has fallen from 11 percent in 2012 to 7 percent under the revised schedule. As a result, since the schedule took effect, the average discount per ASC procedure fell from \$191 to \$90.
- Although reducing facility fees for procedures performed at ASCs created a potential incentive for ASCs to increase the intensity of services to compensate for lost revenue, neither ASCs nor hospital outpatient departments registered any increase in the proportion of outpatient facility fees payments for additional services associated with the primary paid procedure. Furthermore, the percentage of ASC episodes with charges for additional services such as x-rays, which are not subject to the fee schedule change, has declined from 1.5 percent to 1.2 percent.
- As in the preliminary analysis from 2014, the updated data found no significant change in the mix of services or the percentage of episodes occurring in outpatient hospital settings and ASCs.

CWCI and WCIRB have jointly published the updated data, including additional details, tables and analyses in a report, "Ambulatory Surgery Center Cost Outcomes Follow-Up Study: The Impact of California Workers' Compensation Reforms." The study is available for free to the public and may be viewed, printed or downloaded from the Research section of the Institute's website <http://www.cwci.org/>.

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