

This file contains the proposed pricing data and historical utilization data that are the basis for the proposed ambulatory surgical center (ASC) conversion factor calculation and the alternative ASC conversion factor calculation described in the proposed rule issued on August 23, 2006 in the Federal Register (71 FR 49635). To model the proposed and alternative CY 2008 ASC conversion factor calculations discussed in the proposed rule (71 FR 49656), the data in this file must be trended forward to CY 2008 using estimated payment updates and utilization factors (provided below). We propose to use actual CY 2008 payment rates and more recent utilization data when calculating the final CY 2008 ASC conversion factor.

### **Estimated Payment Updates**

#### *Outpatient Prospective Payment System (OPPS) Payment Update*

This file contains the proposed CY 2007 OPPS payment rates. For use in the alternative ASC conversion factor calculation, CMS estimates that the CY 2008 OPPS update is +4 percent.

#### *Medicare Physician Fee Schedule (MPFS) Payment Update*

This file contains the proposed CY 2008 practice expense relative value units (PE-RVUs) that would be used to calculate CY 2008 payment rates. For use in the alternative ASC conversion factor calculation, these practice expense relative value units are multiplied by the estimated CY 2008 MPFS conversion factor. The CY 2006 Medicare physician fee schedule conversion factor is \$37.8975. CMS estimates that the cumulative update to trend this conversion factor forward to CY 2008 is minus 10 percent under current law.

#### *Ambulatory Surgical Center (ASC) Payment Update*

This file contains the proposed CY 2007 ASC payment rates. By law, the CY 2008 Ambulatory Surgical Center payment update is 0 percent.

### **Estimated Utilization Factors**

#### *Outpatient Prospective Payment System Utilization Factor*

This file contains CY 2005 OPPS utilization. For use in the alternative ASC conversion factor calculation, CMS estimates that the average cumulative factor to trend this forward to CY 2008 is +17 percent.

### *Medicare Physician Fee Schedule Utilization Factor*

This file contains CY 2005 MPFS utilization for the office setting, that is, it excludes utilization for facility settings like outpatient hospital departments and ASCs). For use in the alternative ASC conversion factor calculation, CMS estimates that the average cumulative factor to trend this forward to CY 2008 is +19 percent. Note that this utilization estimate is partially influenced by the projected negative physician fee schedule payment updates under current law.

### *Ambulatory Surgical Center Utilization Factor*

This file contains CY 2005 ASC utilization. CMS estimates that the average cumulative factor to trend this forward to CY 2008 is approximately +30.0 percent. It is worth noting that while CMS separately estimated an ASC utilization factor for the purpose of calculating the conversion factor, historically CMS has not isolated ASC data when trending utilization for actuarial purposes.