

## **User Notes – ASC Analytic File for the July 2007 Final Rule for the Revised ASC Payment System**

This file contains the pricing data and historical utilization data that are the basis for the ambulatory surgical center (ASC) conversion factor calculation described in the July 2007 ASC final rule. To model the CY 2008 ASC conversion factor calculations discussed in the July 2007 final rule, the data in this file must be trended forward to CY 2008 using estimated payment updates and utilization factors (provided below).

Note: As indicated in the July 2007 final rule, the ASC conversion factor and CY 2008 ASC payment rates estimated in the July 2007 final rule are meant only to be illustrative of the final policies of the revised ASC payment system. In the CY 2008 outpatient prospective payment system (OPPS)/ASC proposed rule, we have used the actual proposed CY 2008 OPPS relative payment weights, the proposed CY 2008 Medicare physician fee schedule practice expense RVUs, and more recent utilization data to estimate the CY 2008 ASC conversion factor. The final CY 2008 ASC conversion factor will be calculated based on the final CY 2008 OPPS relative payment weights, the final CY 2008 Medicare physician fee schedule practice expense RVUs, and updated utilization data, and released in the CY 2008 OPPS/ASC final rule.

### **Estimated Payment Updates**

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

This file contains the CY 2007 OPPS payment rates. For use in the ASC conversion factor calculation in this final rule, CMS estimates that the CY 2008 OPPS update is +3 percent.

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

This file contains the CY 2007 transitional and fully implemented practice expense relative value units (PE-RVUs). The CY 2008 PE-RVUs were estimated by adding 2/3 of the CY 2007 transitional PE-RVUs and 1/3 of the CY 2007 fully implemented PE-RVUs. These PE-RVUs are multiplied by the estimated CY 2008 MPFS conversion factor. The CY 2006 MPFS conversion factor is \$37.8975. For use in the ASC conversion factor calculation in this final rule, CMS estimated 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. 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). 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 +31 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.

*CY 2007 OPPS Discount Factor*

The file includes a discount factor that was used to adjust the OPPS, ASC, and physician utilization data to account for the effect of the multiple procedure discount, terminated procedure discount, and bilateral procedures.