

Connecticut Ambulatory Surgery Centers

Making the cost of Connecticut healthcare less taxing

In the interest of public health, and cost savings for patients, insurers and employers—including the State of Connecticut—ASCs should be lauded for making healthcare more affordable, not be penalized for it.

CT ASC Taxes

3X HIGHER

At 6%, Connecticut's ASC tax rate is **AT LEAST 3 TIMES HIGHER** than in other states, where the tax rates are 1-2%. In other states the tax has been repealed.

MA - FAILED

RI - 2% REPEALED

WI - 3.87% REPEALED

Unlike hospitals, ASCs already pay taxes that other small businesses pay: state income tax, sales tax, and property tax. An ASC should be taxed like any other small business OR taxed like a non-profit care provider—but not both.

Changes to the CT ASC tax law have been made in the past two years — **but it's not enough** to have significant impact on reducing healthcare costs for the people of Connecticut.

The ASC tax is a top-line tax.

It translates to an effective income tax rate of **30%**, since it doesn't allow for deductions for expenses, such as property, sales and use taxes.

ASCs and Connecticut's Aging Population

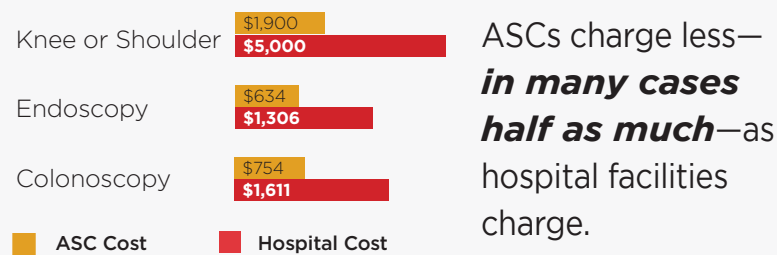
More than **1 Million** Connecticut residents are between **50 and 75** years of age

ASCs are critically important for providing services—like **cataract procedures and colonoscopies**—to an increasingly older Connecticut population.

A recent study shows that the average cost of a colonoscopy at a Connecticut ASC is \$754, but at a hospital-owned facility the average is \$1,611—**more than double**.

ASCs vs Hospital Owned Facilities

Outpatient Surgery: Average Hospital vs. ASC Cost



Source: Preferred Locations for Ambulatory Surgery Centers, Connecticut Business and Industry Association, April 2014.

Ambulatory Surgery Centers (known as ASCs)

are modern healthcare facilities focused on providing same-day surgical care, including diagnostic and preventive healthcare procedures that are less expensive and reduce long-term healthcare costs for patients, insurers and employers.

The most common procedures performed at ASCs are cataract surgeries, colonoscopies, endoscopies and orthopedic procedures.

61 Ambulatory Surgery Centers

Connecticut's 61 surgery centers should be part of the solution for reducing healthcare spending. They are the lower cost, high-quality health care providers in this state.

In 2015, a tax was levied on ASCs with no warning, no public hearing and no input from the industry. As a result, where other states are seeing growth in the ASC industry, growth in Connecticut has been curtailed.

Ambulatory Surgery Centers—credited with improving the health of Connecticut residents and reducing healthcare costs—are not hospitals, and should not be taxed as such.

Relief from the onerous ASC tax will **save money** for everyone—but none more so than for the State of Connecticut and the **200,000** people for whom it provides healthcare coverage.

A study published in *Health Affairs* found that ASCs save money and increase efficiency for Medicare, insurers and patients alike, while providing the same high-quality care as hospitals.

ASCs are a **high-quality, lower-cost alternative** to hospitals for outpatient surgery

ASCs perform about **200,000** medical procedures in Connecticut each year

Connecticut patients saved more than **\$6.4 million** and insurers save tens of millions in just one year when patients have their colonoscopies in ASCs.

(Source: ASCA, 2014 data)

ASCs add considerable value to the U.S. economy, with a nationwide economic impact of

\$90 billion including more than **\$5.8 billion** in tax payments.

(Based on 2009 data)

Economic Impact

of a single CT ASC

\$7 million in economic output

34 jobs

\$4 million in wages and benefits

\$318,000 in state and local taxes



Impact estimates are based on data from a 2018 report from the American Medical Association and a conservative estimate of 3 ASC physicians.

ASC employment growth projections have slowed since the ASC tax was introduced. Four years ago, outpatient care centers (which includes ASCs) had a **10-year projected employment growth rate of more than 39%**. The latest projections show growth at just **32% through 2026**.

Source: Connecticut Department of Labor Data



An economic impact brief from the
Connecticut Association of Ambulatory Surgery Centers

It's unhealthy to pick winners and losers in the tax code and in healthcare.



Ambulatory Surgery Centers

Ambulatory Surgery Centers known as ASCs, are modern healthcare facilities focused on providing same-day surgical care, including diagnostic and preventive healthcare procedures. The most common procedures are cataract surgeries, colonoscopies, endoscopies and orthopedic procedures.

Not to be confused with hospital-owned outpatient facilities, ASCs are private practices that — unlike hospital facilities — are responsible for paying a wide variety of taxes, just as private businesses do — including property taxes, inventory taxes, sales tax and income taxes. Hospitals are exempt from these taxes.

Another dramatic difference between ASCs and hospital-owned facilities: The cost of services and the level of (private or government) insurance reimbursement. ASC services cost less — in many cases, half of what is charged at a hospital facility — yet surgical procedures performed at hospital centers are reimbursed by Medicare and insurance companies at rates that are, on average, 50 percent higher than what is reimbursed to ASCs.

What's more, ASCs make valuable contributions to the evolution and improvement of healthcare by advancing innovations in anesthesia practice, new devices and surgical techniques. For example, the industry has led the development of minimally invasive procedures and the advancement of technology to replace the intraocular lens. This procedure is now commonly used nearly a million times each year to restore vision for Medicare patients with cataracts. Once an inpatient hospital procedure, cataract surgery can now safely be done at an ASC at a much lower cost.

For more information

www.CTSurgeryCenters.com

Connecticut Association of
Ambulatory Surgery Centers

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