# Health Care Reform and Its Impact on ASCs

**Brent W. Lambert, MD, FACS**
**Principal and Founder,**
**Ambulatory Surgical Centers of America**

## Trends that Preclude a Response

- Obama Care mandated coverage of 32 million new lives, and most with government as payer.
- ACOs (Accountable Care Organizations) may exclude ASCs.
- IPAB (Independent Payer Advisory Board) will put downward pressure on payment going forward.
- Payment now affected by productivity adjustment.

## Declining Number of Independent Physicians' Practices

- Biggest threat to our industry. The ASC model as practiced to date is dependent on independent MDs to succeed.
- The greatest sale of medical practices in history; the reasons are money, professional insecurities, and life style considerations.

## Declining Number of Independent Physicians' Practices
(continued)

- A recent poll suggested that 40% of surgeons plan on retiring in the next 5 years.
- This is a problem for recruiting to an existing center experiencing attrition in its own user/owner ranks.
- Some communities have almost no independent practices left.

## Increasing Payer Risk

- Increasing percentage of patients covered by government insurance.
- Consolidation of payers.

## Government Payment Will Be Tied To Quality

- Value Based Purchasing will be the rule when looking to a government payer.
- Plan is mandated to be created by HHS by the end of 2010.

## Private Equity Increasingly Disenchanted with the ASC Space

- Those invested want out or are no longer willing to increase their stake.
- If you are thinking of expanding with VC money it will be hard to come by, and mighty dear if you find it.
- Fewer opportunities for sale of existing ASCs.
- Lower prices for ASCs.

## THINK PROFITS

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www.ascoa.com