Executive Summary

Ambulatory surgery centers (ASCs) have become a very important component of the U.S. healthcare system, with approximately 5,300 freestanding centers nationwide. The quality of care provided by ASCs is at least equal to and in most cases better than hospital outpatient departments (HOPDs). ASCs also have lower overhead than HOPDs, and are paid less by Medicare, thus they help reduce medical care expenditures.

In addition to providing high-quality care at a lower cost, ASCs have a substantial positive economic impact on their communities and states. This is because in the course of providing high quality medical care, ASCs pay doctors, nurses, managers, and support staff. They also buy food and supplies. The majority of these expenditures stay local—either in the community or in the state. This in turn generates other economic activity in the state. In this study we measure the amount of economic activity that is generated by ASCs in Oregon.

We employ a standard economic method, referred to as “input-output” analysis, to calculate economic impact. First, we collect data on ASC expenditures from a sample of ASCs. We extrapolate the sample to the state-level by multiplying the sample average expenditures perASC by the number of ASCs in the state. We then apply a “multiplier” to the state total; multipliers are obtained from the US Bureau of Economic Analysis’ RIMS II database.

The results can be summarized as follows:

- For every $1 spent in the ASC sector of Oregon’s economy, by ASCs, $2.21 of economic value is created within the state.
- Oregon’s 85 ASCs had a direct economic impact in the state of nearly $570 million in 2012. Adding the economic impact of taxes paid, the total economic impact of ASCs in Oregon in 2012 was close to $612 million (Figure 1).

Figure 1 – ASC Economic Impact in Oregon

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1 See generally A. Chukmaitov, Devers, Harless, Menachemi, & Brooks, 2011; A. S. Chukmaitov, Menachemi, Brown, Saunders, & Brooks, 2008; Fleisher, Pasternak, Herbert, & Anderson, 2004; Hollingsworth et al., 2012; Marla & Stallard, 2009
2 Koenig & Gu, 2013
3 Described in the Analysis section (Page 2) in greater detail.
4 US Bureau of Economic Analysis, 1997
5 Described in the Analysis section (Page 2) in greater detail.
ANALYSIS

The US Bureau of Economic Analysis (BEA) Regional Input-Output Modeling System ("RIMS II") uses an input-output model to calculate "multipliers" by industry sector. The input-output models rely on large US industry datasets to determine the relationship between inputs and outputs. In this analysis, the multiplier for the ASC sector of the economy exceeds 2, meaning that a dollar spent in the ASC sector will result in more than double the economic impact.

First, we collect data on ASC expenditures from a sample of ASCs. We extrapolate the sample to the state-level by multiplying the sample average expenditures per ASC by the number of ASCs in the state. We then apply the BEA multiplier to the state total.

DETAILED FINDINGS

Table 1 – Summary Data, 2012

<table>
<thead>
<tr>
<th>Number of ASCs</th>
<th>85</th>
</tr>
</thead>
<tbody>
<tr>
<td>FTE workers</td>
<td>1,758</td>
</tr>
<tr>
<td>Total expenditures</td>
<td>$257.6 million</td>
</tr>
<tr>
<td>Multiplier</td>
<td>2.21</td>
</tr>
<tr>
<td>Expenditure Impact</td>
<td>$569.3 million</td>
</tr>
<tr>
<td>Tax Impact</td>
<td>$39.5 million</td>
</tr>
<tr>
<td>Total Impact</td>
<td>$611.6 million</td>
</tr>
</tbody>
</table>

After applying the multiplier, the expenditure effect in the state totals $569.3 million. Adding in taxes paid by ASCs, which totaled $39.5 million in 2012, the total statewide economic impact of ASCs in Oregon is $611.6 million.

CONCLUSIONS

Using a simple and appropriate methodology for calculating economic impact, we find that ASCs in Oregon create about $612 million in economic activity. Given that state economies have not recovered since the 2008 recession, industries that create this level of economic activity and jobs should be recognized for their contribution.

6 US Bureau of Economic Analysis, 1997
7 These data were verified against VMG, the industry standard in data collection. See VMG Health, 2011
The quality of care provided by ASCs is at least equal to and in most cases better than hospital outpatient departments (HOPDs). Because only surgery is performed, and mainly on well patients, incidences of healthcare acquired infections are rare. And with less overhead than HOPDs and lower rates of Medicare reimbursement, ASCs help reduce medical-care expenditures by governments and consumers.

Between 5 and 10 percent of all patients contract at least one hospital-acquired infection—also known as a healthcare-associated infection or nosocomial infection—during their stay in an acute care hospital. According to estimates from the National Nosocomial Infections Surveillance (NNIS) system, in 2002, approximately 1.7 million cases of HAIs and 99,000 associated deaths occurred in U.S. hospitals, leading to extra costs of up to $6.5 billion each year.  

One trend is clear: the infections are becoming more complicated to treat as their resistance to antibiotics grows.

From the National Conference of State Legislatures website, Issues & Research/Health/Hospital Acquired Infections FAQ

REFERENCES


Our Mission:
The Oregon Ambulatory Surgery Center Association is committed to ensuring that surgery centers continue to thrive as a distinct model for the delivery of safe, affordable, and advanced surgical services to Oregon’s health care consumers.