



Department of Health's legislative report on Ambulatory Surgical Facilities  
December 14, 2015

### **Background**

In accordance with section 219(10)(a) of ESSB 6052 (Chapter 4, Laws of 2015, 3rd Special Session), the legislature requested a report from the Department of Health (department) on Ambulatory Surgical Facilities (ASF). The report is to include the following:

- 1) How many ASFs are functioning in the state of Washington?
- 2) How many ASFs are also Medicare certified?
- 3) How many ASFs are not Medicare certified?
- 4) How many ASFs are certified by an accrediting organization?
- 5) How many cases do these centers receive annually?

This report is due to the appropriate legislative committees by January 1, 2016.

### **Executive summary**

This report contains the data requested by the 2015 Legislature. Data was collected from the department's Integrated Licensing and Regulatory System (ILRS), the Centers for Medicare & Medicaid Services (CMS), and Accrediting Organizations (AO). Data was cross-referenced among the three sources to be as accurate as possible. The ASF state survey frequency is variable depending on a facility's accreditation and Medicare certification status. The ASF licensing fee is also variable depending on the number of annual surgical procedures, accreditation, and Medicare certification. Accreditation standards vary by organization and type of accreditation that facilities seek. The discussion below further clarifies these issues and gives context to the data provided in the tables.

**1. How many ASFs are functioning in the state of Washington?**

There are 182 facilities in Washington State that meet the definition of an “Ambulatory Surgical Facility” according to chapter 70.230 RCW. These ASFs are licensed by the department under chapter 246-330 WAC. Surgery services in hospitals, dental offices, and outpatient surgical services that do not require general anesthesia and are routinely and customarily performed in an office setting are not included in these numbers, as they are not subject to licensure as an ASF.

**2. How many ASFs are also Medicare certified?**

Of the 182 state-licensed ASFs, 153 are also Medicare certified. The department is a designated contracted agency that conducts surveys (inspections) for CMS. Currently, the department conducts ongoing surveys on behalf of CMS for 110 ASFs that are also Medicare certified. The remaining 43 ASFs receive their ongoing CMS surveys from Medicare-deemed AOs. Medicare certification is voluntary, and a facility must pass an initial CMS survey to become certified and receive Medicare reimbursement. Initial CMS surveys conducted by the department are considered the lowest survey priority by CMS, so facilities must seek their initial Medicare certification through a Medicare-deemed accrediting organization at their own cost. Most Medicare-certified Ambulatory Surgery Centers (ASCs) have also become state-licensed ASFs because they met the licensing definitions under chapter 246-330 WAC. [A small number of Medicare-certified ASCs, 35, do not meet the state licensure definitions due to the structure of their businesses, and are not included in the 182 licensed ASFs.]

**3. How many ASFs are not Medicare certified?**

Of the 182 state-licensed ASFs, 29 are neither Medicare certified nor accredited. Most of these facilities offer cosmetic, fertility, and weight-loss surgical services. Each of these facilities is surveyed by the department every 18 months.

Answers to questions 1, 2 and 3 are displayed in Table 1.

**Table 1 – Total licensed ASFs, Medicare-certified ASFs, and ASFs not Medicare certified or accredited, as of September 1, 2015:**

Total state licensed ASFs	State licensed ASFs that are also Medicare certified	State licensed ASFs that are not Medicare certified or accredited
182	153	29

## **Discussion**

State-licensed ASFs are required by law to be surveyed every 18 months. RCW 70.230.020 gave the department authority to determine which accrediting organizations had standards substantially equivalent to its own standards and to complete this determination by March 1, 2008. Department rules allow accreditation by a recognized Accrediting Organization to take the place of every other state survey in the three-year licensing cycle. State-licensed ASFs that are also accredited by a recognized organization and/or meet CMS standards of participation (Medicare certified) have reduced licensing fees. Some insurance companies require Medicare certification and/or accreditation to participate in their plans whether or not the facility intends to seek reimbursement from Medicare.

### **4. How many ASFs are certified by an accrediting organization?**

There are 83 state-licensed ASFs that are also accredited. Of this total, 45 have a “deemed” status of accreditation, meaning the accreditation organization’s survey of the ASF meets CMS standards for Medicare certification. The remaining 38 ASFs have a “non-deemed” status of accreditation. Table 2 describes these totals:

**Table 2 - Total ASFs that are accredited, a subset of ASFs that have deemed status accreditation, and a subset of ASFs that have a non-deemed status accreditation, as of September 1, 2015:**

State-licensed ASFs that are also accredited	State-licensed ASFs that have deemed status accreditation	State-licensed ASFs that have non-deemed status accreditation
83	45	38

## **Discussion**

### **Accrediting organizations**

An Accrediting Organization is one that certifies a third party as having met certain national standards. In Washington State, ASFs wanting to become accredited may choose from the following department-approved AOs:

- Accreditation Association for Ambulatory Health Care
- American Association for Accreditation of Ambulatory Surgery Facilities
- Joint Commission
- American Osteopathic Association

AOs offer ASFs a variety of accreditation options, giving facilities a choice. All four approved AOs offer deemed status and non-deemed status accreditation. A deemed status accreditation survey uses Medicare equivalent standards. A non-deemed status accreditation survey uses other nationally recognized standards. AOs typically charge higher fees for deemed status accreditation. Currently, 45 ASFs have chosen deemed status accreditation and 38 have chosen non-deemed status.

When ASF state licensing began in 2009, the department compared the written standards of various accrediting organizations with the newly established state standards and determined that four AOs had substantially equivalent standards. Since 2009, the department has conducted numerous onsite ASF surveys, many of which had recently followed an AO survey. While it appears that many of the AO surveys are equivalent to department standards, the department is considering instituting a process to periodically revalidate standards, similar to the process for other licensed healthcare facilities. This will help ensure ongoing consistency between the department and AO standards.

#### **Additional ASF Medicare certification and accreditation information**

There are 67 state-licensed ASFs that are both Medicare certified and have non-deemed status accreditation. Of these 67 facilities, 44 maintain their Medicare certification through their deeming accrediting organization. As discussed earlier, state licensed ASFs that want to become Medicare certified must receive their initial Medicare certification survey through a deeming AO. Once Medicare certification has been established, facilities may choose to drop their more costly deemed accreditation and have the state conduct their ongoing Medicare surveys. Of the 67 facilities, 23 maintain their Medicare certification through the state and also have non-deemed status accreditation. Due to the lower costs of maintaining Medicare certification through the state, the department anticipates this number to increase over time. The majority of these ASFs provide surgical services in the following areas: Dermatology, Dentistry, Podiatry, Ophthalmology, and Reproductive Health.

**Table 3 – Additional ASF Medicare certification and accreditation data:**

State-licensed ASFs that are Medicare certified and have non-deemed status accreditation	State-licensed ASFs that maintain Medicare certification <u>through the state</u> and have a non-deemed status accreditation
67	23

## **5. How many cases do these centers (ASFs) receive annually?**

Each year the department requires ASFs to submit updated licensing information, including the number of surgical procedures (cases) that they provide annually. Table 4 describes the ranges of "cases" or surgical procedures performed in calendar year 2014.

**Table 4** - ASF annual surgical procedure data, as of December 31, 2014:

Number of surgical procedures annually	1 to 999 procedures	1,000 to 2,499 procedures	2,500 to 4,999 procedures	5,000 to 9,999 procedures	10,000 to 15,000 procedures
ASFs	73	46	35	24	4

## **Discussion**

### **ASF annual surgical procedures**

Each year the department requires ASFs to submit updated licensing information, including the number of surgical procedures that they provide annually. The department's credentialing office assigns these numbers to established ranges (Table 4), primarily for the purpose of determining licensing fees. ASF surgical procedure data was last updated on December 31, 2014 based on facility-submitted data. ASFs attest that the updated information is accurate and the department accepts the data and makes any necessary updates to its licensing database. The department does not have a mechanism to validate the number of procedures identified by licensees. Currently, the number of annual procedures, along with accreditation and Medicare status, determines the licensing fees to be paid. License fees are reduced for facilities that report fewer surgical procedures over a given year.

## **Conclusion**

The purpose of this report is to provide information requested in section 219(10)(a) of ESSB 6052, Chapter 4, Laws of 2015, 3rd Special Session. This has been provided in Tables 1, 2, 3, and 4. The discussion sections further clarify the meaning of this data, especially in relation to accreditation and Medicare certification. Please contact Nancy Tyson, Executive Director, Health Professions and Facilities, at [nancy.tyson@doh.wa.gov](mailto:nancy.tyson@doh.wa.gov) or (360) 236-4796 regarding questions about this report.