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.

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.

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 In other states the tax has been repealed.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RI – 2% REPEALED
WI – 3.87% REPEALED

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.
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.

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.

<table>
<thead>
<tr>
<th>Procedure</th>
<th>ASC Cost</th>
<th>Hospital Cost</th>
</tr>
</thead>
<tbody>
<tr>
<td>Knee or Shoulder</td>
<td>$1,900</td>
<td>$5,000</td>
</tr>
<tr>
<td>Endoscopy</td>
<td>$1,304</td>
<td>$1,500</td>
</tr>
<tr>
<td>Colonoscopy</td>
<td>$1,611</td>
<td>$2,306</td>
</tr>
</tbody>
</table>

Outpatient Surgery: Average Hospital vs. ASC Cost

ASCs charge less—*in many cases half as much*—as hospital facilities charge.

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.

(Source: ASCA, 2014 data)

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.

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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.

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.
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

FOR MORE INFORMATION

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