

Testimony in support of SB 2334 – Extended Stay Centers

March 17, 2021

Good morning Chairman Weisz and Members of the Committee:

My name is Jed LaPlante, I am the Administrator of Center for Special Surgery in Fargo, a multi-specialty Ambulatory Surgery Center (ASC). Over the past 10 years of my career, I have worked in two different health systems as a Clinic Director and was the first employee hired to open Center for Special Surgery. In 2017, I obtained my Masters in Healthcare Administration from the University of Minnesota. I am here to testify in support of Senate Bill 2334, allowing the creation of extended stay centers.

Cost, Value, Patient Experience:

ASCs perform surgical procedures, on average, at 50-60% the cost of a hospital environment (comparing Medicare fee schedules). Extended Stay Centers may open the door for more patients and their health plans to recognize more savings as ASCs are able to innovate and start new service lines. Higher cost procedures will continue the migration from an inpatient environment to an outpatient/ASC environment in our near future. A 40% discount on a procedure like a cataract extraction provides hundreds of dollars of savings to the patient and health plan for each procedure performed. When you start saving 40% or more on total joint replacement and spine surgery, you recognize thousands of dollars of savings on every single procedure performed. The state of Oregon passed a bill for ESCs in 2018. Two of their state employee benefit systems anticipate to save \$12-\$15 million in a decade with the implementation of ESCs as outpatient surgery volume is expected to double over that same time period. (ASC Focus, March 2018)

Many of the procedures utilizing an ESC will still be done by the same private practice, self-employed physicians that are doing them now. This is simply a change of facility with a mindset that private practice physicians can and should impact the patient's care and experience. This is more about the patient experience than it is about anything else. We believe we have the opportunity to change surgery to feel more like a stay in a hotel, than an institution.

Maintaining a Free Market in North Dakota Healthcare:

Healthcare, over the years, has morphed to where physicians are more often employed than they are a business owner. While both structures can be successful, I do think it's important that we make sure that both options have a fair opportunity to exist in the future. As health systems further desire to employ their physician base rather than contract with private practice groups, it becomes increasingly harder for a physician in private practice to obtain adequate operating room time, a voice regarding implant/technology decisions and the involvement in developing care pathways that make sense for each specialty and each physician. Extended stay centers will surely not replace the role of a hospital in a private practice as there will always be a time and a place for the hospital environment. However, it is another tool for a private practice physician may utilize to maintain independence if a relationship with a key partner deteriorates.

“Inpatient Only List” to be Abandoned by 2024:

In the Centers for Medicare and Medicaid Services (CMS) final payment rule for 2021, there is guidance from CMS that by the year 2024, there will no longer be a list of procedures that they deem not to be safe in an ambulatory surgery center environment. Earlier I mentioned the migration of inpatient procedures to an outpatient environment. This is not something the private practices in North Dakota created on their own. It's recognition on the federal level that techniques in both surgery and anesthesia have improved, along with technology of implants and instrumentation that is creating this shift.

Deep down, I do believe this bill is a benefit to the hospitals in our state, even if it may not feel like that today. There will be a day when Medicare forces certain procedures to the lower cost ambulatory surgery center environment. When that happens, I could see local health systems utilize the ESC to complement their service lines, much like we're describing here today.

We believe an Extended Stay Center partnered with an Ambulatory Surgery Center aligns the state of ND with what's to come from Medicare, which for us in Fargo, is the most common medical coverage we see across all of our specialties. Not allowing us to align with what's happening on a federal level will leave ND behind as other states benefit from new and innovative care models. I've used this saying a lot in my time in Fargo as we've added new procedures and worked to add new service lines, "If we are to wait for Medicare to pave the way, we will forever be behind." We have the chance to get ahead of this now.

Thank you for your time and consideration this morning and I ask the Committee for a DO PASS recommendation on Senate Bill 2334.