

Vermont Legislative Joint Fiscal Office

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MEMO

TO: The House Committee on Ways & Means
FROM: Nolan Langweil, JFO
DATE: 5/1/2019
RE: Ambulatory Surgical Centers and Provider Tax

The Committee asked for an estimate on how much revenue might be raised from a new provider tax on ambulatory surgical centers (ASCs). To date, there is only one ASC operating in the State of Vermont – the Vermont Eye Surgery and Laser Center (LES LC) in South Burlington. A second surgical center – the Green Mountain Surgical Center (GMSC) – is anticipated to open within the next year. At this time, the available financial data on these two centers is limited. As such, these estimates are still very preliminary and subject to change as more information becomes available.

PRELIMINARY ESTIMATE:

Annualized Provider Tax Revenue (x \$1,000)

Provider Tax Rate	Est. Provider Tax Revenue - Range		
	Green Mountain Surgery Center	Vermont Eye Surgery and Laser Center	Est. Total Revenue
1.4%	\$50 - \$70	\$75 - \$100	\$125 - \$170
3.0%	\$115 - \$150	\$160 - \$215	\$275 - \$365
4.3%	\$165 - \$220	\$230 - \$305	\$395 - \$525
6.0%	\$230 - \$305	\$320 - \$430	\$550 - \$735

Further Discussion

In their CON, the GMSC makes the case that ASC's provide a lower-cost alternative to hospital-based outpatient surgical procedures that can result in health care savings to the system as a whole.¹ To the extent this is true, the portion of revenues associated with a provider tax on the GMSC should not be considered new net revenue, but rather an off-set from the potential reduction in revenues in the hospitals. Conversely, the portion of provider tax revenues raised from the Eye Center could be considered new net revenue.

Estimate Limitations

- To our knowledge, the Vermont Eye Surgery and Laser Center is not currently required to provide any financial data to the state. The numbers used are extrapolated from a monthly implementation report provided to the Department of Banking, Insurance,

¹ The Green Mountain Surgery Center – [Certificate of Need Application](#), July 2, 2015

Securities, and Health Care Administration (BISHCA) for the month of May 2014 (dated 7/10/2014).

- We acknowledge that annualizing one month of data may not necessarily represent the experience of the other 11 months.
 - Further we estimated net patient revenue by subtracting bad debt from the total charges. Charges may not accurately reflect revenues.
 - Finally, this data is 5 years old and we made no attempt to adjust for inflationary or other factors.
- The Green Mountain Surgery Center has not yet opened for business. The numbers used are based on estimates of net patient revenue provided in the GMSC's certificate of need application (CON) documentation.²

² [Documentation](#) provided to the Green Mountain Care Board in response to a request for information as part of the Certificate of Need process, November 19, 2018.