Ambulatory Surgery Center Association

October 15, 2025

The Honorable Dr. Mehmet Oz
Centers for Medicare and Medicaid Services
7500 Security Boulevard
Baltimore, Maryland 21244–1850

Re: Prior Authorization Demonstration for Certain Ambulatory Surgical Center Services

Dear Administrator Oz:

On behalf of the Ambulatory Surgery Center Association (ASCA), I respectfully request that CMS delay the Centers for Medicare & Medicaid Services' (CMS) five-year demonstration project that would require prior authorization for certain ambulatory surgical center (ASC) services beginning with services on and after December 15, 2025. ASCA has concerns with the demonstration project in general, but especially in light of the government shutdown, we do not believe that the Medicare Administrative Contractors (MAC) are equipped to handle the new prior authorization requests.

ASCs are proud of the cost savings they provide to the Medicare program, saving Medicare more than ***$5 billion*** on an annual basis simply by existing as an alternative to hospitals.[1] ASCA supports efforts to save the Medicare program and taxpayers additional money, but this demonstration will not accomplish what it claims to, namely, thwarting "improper or fraudulent payments." This demonstration presents a solution in search of a problem—imposing additional burden on providers and additional cost on the Medicare program and taxpayers without evidence of widespread fraud in the ASC community.

Of the 41 codes included in the demonstration project, there are only eight codes for which nationwide volume exceeded 900 claims in 2023.[2] Twenty-four of the codes CMS proposes for this demonstration had fewer than 100 claims nationwide in 2023. Five of those codes (15847, 36474, 36476, 36479 and 36483) have a payment indicator N1, meaning they are **not separately payable** in the ASC setting. Since they do not receive reimbursement, it does not make sense to include them in a prior authorization demonstration.

Before imposing new burdens on well-regulated healthcare providers, CMS should show that there is a clear gain to taxpayers and the Medicare program. CMS estimates a $4.6 million annual burden on the federal government to implement this five-year demonstration project, and a burden on facilities nearing $2.5 million. CMS wants to initiate more than 7 million dollars in new burden to the ASC payment system—erasing some of the savings that surgery centers

[1] State Cost Savings (2021) analysis file based on the CMS ASC LDS 2021 claims data that was used for the 2023 final rule.
[2] The eight codes are: J0585, 15822, 15823, 30520, 67900, 67903, 67094, 67908.

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generate for the Medicare program as a lower-cost alternative for outpatient surgery—to solve a problem that does not exist. This demonstration completely misses the mark.

When prior authorization was first required in the hospital outpatient department setting, it went through formal rulemaking. Even then, impacted providers indicated that there were many issues with the MACs operationalizing the prior authorization request process. While ASCA believe the demonstration project should be abandoned entirely, at the very least it should be delayed until the 2027 payment rule cycle and presented for formal comments at that time.

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Medicare reimbursement is not keeping pace with costs, and we object to this additional burden on the ASC community without a clear indication that the demonstration is needed. ASCA appreciates the agency's past willingness to listen to its concerns as it strives to ensure the continued viability of ASCs as cost-effective providers of care to Medicare beneficiaries. We stand ready to work with you and your staff on proposals to encourage migration to the lower-cost ASC setting, resulting in savings for the Medicare program and its beneficiaries. If you have any questions, please contact ASCA chief advocacy officer, Kara Newbury, at knewbury@ascassociation.org or 703.636.0705.

Sincerely,

William Prentice
Chief Executive Officer