



*Medical Device Strategic Marketing,
Market Research,
Due Diligence Consulting*

Ambulatory and Hospital Outpatient Procedure Trends

The National Health Statistics report; Ambulatory Surgery in the United States, revision Sept, 2009, has been released, and provides information important to sales forecasting for the medical device industry. The 2009 revision was developed due to an error discovered in the processing of the 2006 National Survey of Ambulatory Surgery procedure data. In this report, all procedure data were rerun and some reported findings have changed. The report provides statistics on the shift from hospital based inpatient procedures to hospital outpatient or freestanding ambulatory surgi-centers (ASCs) over the past two decades. Key statistics are presented below, and a full copy of the report can be downloaded at www.ddecisiongroup.com/publications.

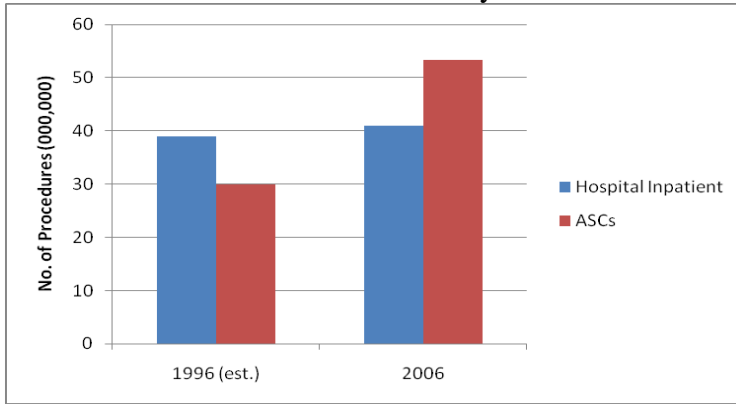
Why this is important

The location of surgery is critical to forecasting the use of devices and understanding trends that affect the medical device industry. The National Health Statistics division of the CDC tracks these and other medical statistics. 2006 is the most recent update of this report, because government data tends to lag by approximately 5 years.

Drivers to the shift from hospital to ASCs

According to the report, the two drivers behind the shift from hospital-based to ASC based procedures are due to advances in medical technology and changes in reimbursement. Advances in medical technology have made surgery less complex, with reduced risk and have enabled the shift of many procedures to move from inpatient to ambulatory settings.

Table 1. US Number of Procedures by Location¹



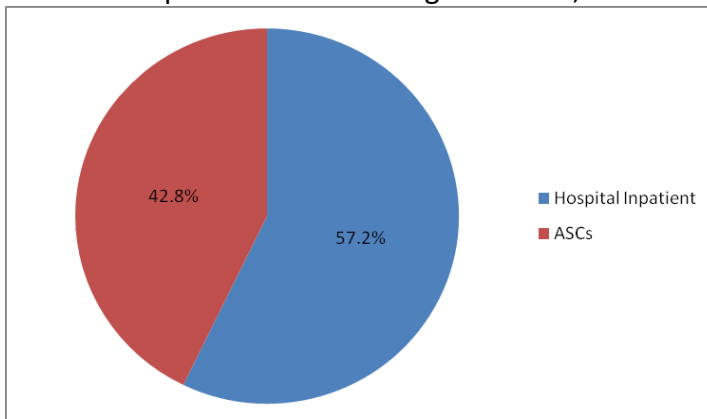
Medical Technology Improvements

Drivers cited in this report include new methods in the delivery of anesthesia, which enables patients to regain consciousness quickly, with fewer side effects. Minimally invasive and noninvasive procedure rates for laser surgery, laparoscopy, and endoscopy are increasing.

Reimbursement

The second driver of this shift from hospital-based to ASC based procedures has been in response to rising health care costs. Cost increase concerns led to changes in Medicare that provide favorable reimbursement for outpatient procedures. When Medicare was expanded to cover care in ASCs in the early 1980s, diagnosis-related group (DRG) payment systems were selected for hospital inpatient care. This created a financial incentive for hospitals to shift less complex surgery to outpatient settings. These policies were also implemented by State Medicaid plans and some private insurers.

Chart 1: Hospital vs. Freestanding ASC Visits, 2006



¹ National Health Statistics Report: Ambulatory Surgery, 2006

Definitions

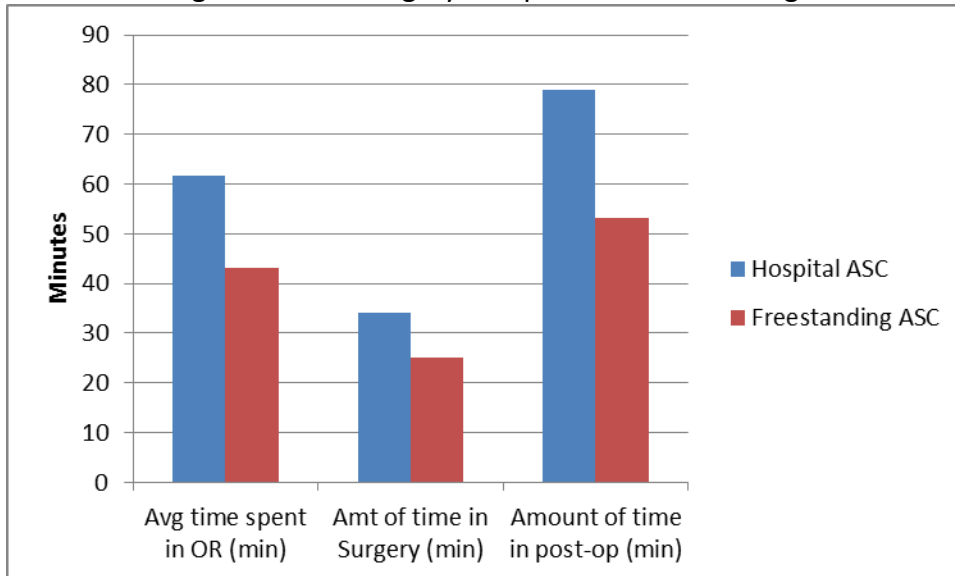
The report defines ASCs and hospital outpatient centers as non-institutional hospitals exclusive of federal, military, and Department of Veterans Affairs hospitals. Only short-stay hospitals (hospitals with an average length of stay < 30 days), or those with a specialty defined as general (medical, surgical or children’s general) were included in the survey.

Average time for Surgery

Average times for surgical procedures were measured in Table 2 for hospital based ASCs vs. free-standing ASCs.

- Average time spent in the operating room
- Amount of time spent in surgery
- Amount of time spent in post-op

Table 2: Average Times for Surgery: Hospital vs. Freestanding ASCs



Leading ASC diagnoses

The top five leading diagnoses at ASCs included:

- Cataract – 3M/year
- Benign neoplasms 2M/year
- Malignant neoplasms 1.2M/year
- Esophageal disease 1.1M/year
- Diverticula of the intestine 1.1M/year

Other Data in this Report

This report is a comprehensive overview of the trends in outpatient surgery in the US.

Other data includes:

- demographic information

- Procedure rates
- Number of procedures performed per visit

Maria Shepherd

Data Decision Group

Medical Device & Life Sciences Strategic Marketing, Market Research, M&A Support

Finding Data For Decisions That Impact Your Business

Maria Shepherd has 20 years of leadership experience in medical device/life-science marketing in small startups and top-tier companies. Following a career in senior management positions including Vice President of Marketing for Oridion Medical, Director of Marketing for Philips Medical and senior management roles at Boston Scientific Inc., she founded Data Decision Group. Data Decision Group provides critical data to support sound decision making. The firm quantitatively and qualitatively sizes opportunities, evaluates new technologies, provides marketing services and assesses prospective acquisitions. Shepherd has taught marketing and product development courses in the WPI/MassMEDIC Medical Device Certificate and HCMA programs, and can be reached at (617) 548-9892 or at

mshepherd@ddecisiongroup.com www.ddecisiongroup.com

