Pennsylvania outpatient surgery centers continue to clear about $25 on every $100 they take in, and remain far more profitable than regular hospitals.

The average operating margin among outpatient facilities was 24.94 percent in the fiscal year that ended in mid-2013, according to a new report from the Pennsylvania Health Care Cost Containment Council. In the midstate, the average operating margin for outpatient centers was about 28 percent.

The most profitable one in the midstate was Memorial Outpatient Endoscopy in York, with an operating margin of nearly 72 percent on $3.7 million in revenues. Next was Calcagno & Rossi Vein Surgery Center in Hampden Township, which had an operating margin of 4.69 percent, according to a similar report published by the PHC4 in spring. In fact, about a third of the state’s operating margin was 25.74 percent. It continues a trend of minimal annual changes since 2008.

In terms of total revenues, the biggest outpatient centers in the midstate were:
- Physicians’ Surgery Center Lancaster, with $22 million in net patient revenue;
- West Shore Endoscopy, $13 million;
- Apple Hill Surgery Center, $12.8 million;
- Surgery Center Lancaster, $10.7 million;
- North Pointe Surgery Center, $9.6 million.

Many outpatient centers are owned by hospitals, although many are owned by doctors or doctor-hospital partnerships. Many are for-profit. The statewide total has risen from 162 in 2004 to 285. In 11 midstate counties, the number has risen form 29 to 47.

The proliferation of outpatient surgery centers, which began more than a decade ago, was long a source of tension with regular hospitals, which argued the outpatient centers skimmed off the least-complicated, best-insured and therefore most profitable patients.

Hospitals said it left them with sicker and sometimes uninsured patients, while also taking away patients needed to offset costs of low-profit services such as emergency departments and maternity wards, and costs of the uninsured.

The outpatient centers have defended their role, pointing out that by focusing on a more narrow range of procedures, they can offer higher efficiency and proficiency, while also offering amenities such as convenient parking and more privacy.

The tension has eased as many hospitals built outpatient centers of their own.

Joe Martin, the executive director of the PHC4, said the rise of outpatient centers “reflects a growing diversity of care. Previously, the main centers for care where the hospital and the physician office. That has changed dramatically and in many ways is a positive thing – patients getting the right care at the right time in the right setting. Advances in technology have shifted many procedures previously done in the hospital to the outpatient setting. The second is the business model – with lower overhead, revenue is maximized in many of these outpatient settings. And they are for-profit. If you look at the general acute care hospitals, you see a similarity in that the for-profit hospitals are generating much larger financial margins than most not-for-profits.”

Martin further noted, “It appears that the growth in outpatient surgery centers is slowing. What we are now seeing is the growth of specialized hospitals, such as in orthopedics.”