MCS Advisory

FEDERAL HEALTH · ASC DEVELOPMENT

Developing ASCs for *VA Healthcare*

Saving federal dollars while expanding veteran access

The VA pays roughly three times more for the same outpatient surgery in a hospital setting than in an ambulatory surgery center. Standing up VA-aligned ASC capacity is a rare win for the federal payer, the veteran, and the operator.

~69%	2026	Win³
Lower cost, ASC vs. hospital	Community-care contract reset	Payer · veteran · operator

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THE FEDERAL OPPORTUNITY · SITE-OF-CARE ECONOMICS

The same surgery, at a fraction of the cost

The VA buys a large volume of surgical care in the community. Where that care is delivered — hospital outpatient department or ambulatory surgery center — changes the federal price dramatically for identical procedures.

THE PEER-REVIEWED EVIDENCE

Cataract surgery: $1,346 at an ASC vs. $4,301 VA-delivered

A federal study comparing VA-delivered and VA-purchased surgery found VA-purchased cataract procedures performed at an **ambulatory surgery center averaged $1,346** — versus $4,301 for the same surgery delivered in the VA hospital outpatient setting. For total knee arthroplasty, VA-purchased averaged $13,339 versus $28,969 VA-delivered. The site of care, not the surgery, drives the spread.

$1,346
Cataract · ASC (VA-purchased)

$4,301
Cataract · VA hospital outpatient

~69%
Lower cost at the ASC setting

Every high-volume, low-acuity surgical case shifted from a hospital outpatient department to a well-run ASC is a **federal dollar saved** without reducing access or quality — often improving both through shorter waits and dedicated outpatient throughput.

Source: MCS Advisory. Cost figures per Wagner et al., "Estimating the Cost of Surgical Care Purchased in the Community by the Veterans Health Administration," MDM Policy & Practice (2021), FY2018 data. Educational use.

THE TIMING · WHY 2026

The community-care window is open

Structural forces in 2026 make this the moment for VA-aligned ASC development: expiring contracts, an access mandate, and a budget explicitly prioritizing community care.

COMMUNITY-CARE CONTRACTS RESET

2026 recompete

VA's third-party-administrator community-care contracts, signed in 2018, largely expire in 2026. The new indefinite-delivery/indefinite-quantity structure invites multiple national and regional plans to compete — reshaping how and where veterans receive purchased care for the next decade.

BUDGET PRIORITIZES COMMUNITY CARE

FY2026 request

The VA FY2026 budget increases funding for care both at VA medical centers and in the community, while cutting bureaucratic overhead — a clear signal that cost-efficient community delivery is favored.

ACCESS IS THE VETERAN PRIORITY

Specialty-care waits

Veterans' top-line ask to Congress in 2026 is access to quality specialty care without long delays, through VA or community providers. Outpatient surgical capacity is precisely the bottleneck ASCs relieve.

DUALLY-ELIGIBLE VOLUME

Millions of veterans

Millions of veterans are dually eligible for VA and Medicare settings. Steering appropriate cases to ASCs captures savings on a large, recurring case volume.

The convergence is rare: a contract recompete, an access mandate, and a cost-cutting budget, all in the same year. Operators who can stand up compliant, VA-aligned outpatient surgical capacity now are positioned for the next decade of community care.

Source: MCS Advisory. VA community-care contract recompete and FY2026 budget per VA press materials and budget submission (2025–2026); veteran priorities per Military.com (2026). Educational use.

THE MODEL · HOW IT WORKS

A structure that saves federal dollars and serves veterans

Developing an ASC to serve VA community-care volume is part real-estate and operations, part regulatory and payer alignment. The economics only work if the compliance and contracting are right from day one.

The building blocks

- **Case-mix fit** — target the high-volume, low-acuity procedures where ASC economics dominate: cataracts, orthopedics, GI, pain, ENT.
- **VA community-care alignment** — credential and contract through the community-care network (CCN) structure and VA fee-schedule framework.
- **Certificate-of-need & state pathway** — navigate state ASC licensure and, where applicable, CON — the same discipline as any de novo ASC.
- **Physician alignment** — surgeon comfort operating in the ASC setting is the gating factor; alignment and governance must be built early.
- **Throughput & access** — dedicated outpatient scheduling shortens veteran wait times, the metric VA and Congress watch most.

WHY THE FEDERAL PAYER BENEFITS

Lower unit cost, same outcome

VA pays the lesser of billed charges or the fee schedule; ASC-based delivery lowers the realized cost per case while preserving quality. Savings scale with volume.

WHY THE VETERAN BENEFITS

Faster, closer care

Dedicated outpatient capacity means shorter waits and community-based access — directly addressing the specialty-access complaint at the top of the veteran agenda.

Done right, this is the rare win-win-win: the federal payer spends less, the veteran waits less, and the operator builds durable, mission-aligned volume. Done wrong — weak compliance, poor case-mix fit, misaligned surgeons — it is an expensive de novo with a single customer.

Source: MCS Advisory. VA community-care and fee-schedule framework per VA Community Care materials (2026). Educational use; not legal, regulatory, or investment advice.

WHERE MCS ADVISORY FITS

Veteran-owned, at the intersection of ASC development and federal health

This play sits exactly where our lanes converge: ASC development, transaction and financial structuring, and defense & federal healthcare — led by a veteran-owned firm that has operated in federal health at scale.

WHAT WE BRING

End-to-end

Feasibility and case-mix modeling, proforma and capital structuring, community-care contracting strategy, compliance and FMV discipline, and physician-alignment governance — the full path from concept to open ASC.

THE CREDIBILITY

$1.5B federal health experience

Senior leadership with program experience at federal-health scale, including a $1.5B DoD healthcare consolidation. We understand the federal buyer because we have served it.

Who this is for

- Surgeon groups exploring a VA-aligned ASC in a community with unmet veteran surgical demand.
- ASC operators and developers evaluating VA community-care volume as an anchor.
- Health systems and investors seeking mission-aligned, cost-saving outpatient capacity.

Explore a VA-aligned ASC opportunity.

MCS Advisory helps surgeon groups, operators, and investors develop ambulatory surgery centers that serve veterans and save federal dollars — from feasibility through community-care contracting. Veteran-owned, senior-led, confidential.

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