

ASC PHYSICIAN FOCUS

AN ASCA PUBLICATION >>

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Message from the CEO



If you have never attended an ASCA annual conference, consider changing that this year. The ASCA

2019 Conference & Expo, May 15–18 in Nashville, Tennessee, will be the largest conference of the year for the ASC community. The schedule is packed with more than 50 educational sessions on a wide variety of topics for ASC physicians and professionals at every level, including complex procedures, emerging specialties, finance, strategic planning, insurance and leadership.

Meet with industry leaders, hear from government officials and find solutions to the challenges facing your ASC every day. Physicians can earn up to 24 AMA PRA Category 1 Credit(s)[™], commensurate with the extent of their participation in the conference.

Bring multiple members of your staff to save on registration. Learn more and register at ascassociation.org/annualconference.

Bill Prentice
Chief Executive Officer

The ASC Data You Need to See

Four ASC leaders discuss the types of data they advise surgery center physicians to review.

Gregory DeConciliis, CASC, Administrator, Boston Out-Patient Surgical Suites in Waltham, Massachusetts: Any data you receive should be clear and concise. You can always request more details. The information should be assembled based around three facts: 1) as an owner, you have the right to the information, good and bad; 2) it should highlight successes or issues that need to be addressed; and 3) it should help enact positive change.

Since physicians are inherently competitive, it's good to receive volume and revenue numbers presented in comparison to your ASC's other surgeons. Ranking performance from best to worst can motivate "poorer" performers. A comparison of volume and revenue numbers year-over-year or month-over-month is helpful.

Case costing data is worthwhile, as are specifics about what supplies physicians use. This can help enact change to a lower-cost item. Finally, review basic quality numbers (e.g., infections, complications) to ensure patient care continues to meet your expectations.

Scott Kallemeyn, Executive Director, Surgery Center Cedar Rapids in Cedar Rapids, Iowa: With so much concern around tightening reimbursement and rising expenses, it can be very powerful to see the costs of the supplies used during your cases. There are often significantly cheaper alternatives that can benefit the ASC and its shareholders without compromising quality.

Whether you receive supply-specific cost data or a broad breakdown of the overall costs of cases compared to their reimbursement, ongoing communication regarding case expenses has the potential to be very productive. Oftentimes, physicians do

not know how much their cases cost. Shared knowledge on cost and supply options can go a long way toward achieving savings.

Barbara Plansinis, RN, Administrator, Wentworth Surgery Center in Somersworth, New Hampshire: We collect and share a multitude of data with our surgeons and anesthesia providers to help them make informed decisions. Surgeons receive data related to their types of cases performed, case costs, turnover times and length of procedures, to name a few, which aids in scheduling, efficiency and product and supply costs. As an example, when a surgeon changes the type of implant, this may save us money and improve efficiency. This can allow us to schedule more cases, thus improving block utilization.

Data shared with our anesthesia department has allowed it to evaluate our providers for overall costs, regional anesthesia efficiency and metrics specific to each provider.

Thomas Wilson, Chief Executive Officer, Monterey Peninsula Surgery Center in Monterey, California: Knowledge is power and good decisions require data. You should receive outcome benchmark ratios that include readmissions, hospital transfers and emergency department visits and infections within 30 days of surgery. You should receive a summation of the patient satisfaction survey results focusing on the percent of patients recommending the ASC to friends or family.

Physicians considering ASC investment should receive and review three years of financial statements and owners' distributions. Prospective investors should also examine payer agreements, with an emphasis on fees, annual increases and agreement length. They will also want to review sources for revenue as ASCs dependent on out-of-network revenue are likely to be higher-risk ventures.

Building a Total Joint Replacement Program

By Becky Ziegler-Otis, CASC



In 2010, our ASC launched a total joint replacement program. This was a stressful and exciting time. The idea of outpatient total joints, let alone total joints in an ASC, was a relatively new concept. But we had a surgeon who recognized the tremendous value we could provide to patients by moving appropriate total joint cases into the ASC. We look back on that decision as one of the best we made.

The Fundamentals

The most critical factor to beginning a program is having a surgeon(s) strongly committed to pursuing the transition. Without surgeon engagement, it would be nearly impossible—and likely not advisable—to proceed.

Once you are confident your program will be supported by such a level of engagement, consider the following as part of the assessment on whether to move forward:

- **Market share.** Gather data on potential market share. This requires identifying patients who underwent joint replacement surgery in the hospital setting within the past year or two who could have been good candidates for an outpatient total joint replacement.
- **State requirements.** Medicare allows patients to remain in an ASC for extended recovery, defined as up to 23 hours and 59 minutes. But, more importantly, what does your state allow and how will that impact plans?
- **Alignment.** Everyone working in the ASC and surgeon's office must support the program, and believe the procedure is safe to perform and will provide great outcomes. Patients can be negatively influenced about the program if they sense staff reservations.
- **Payers.** Determine which contracts enable you to perform and be adequately reimbursed for total joints. For agreements that do not cover or sufficiently cover total joints, speak with payer representatives to gauge a willingness to provide appropriate coverage.
- **Implants.** Discuss with vendors how to secure competitive implant prices.
- **Equipment.** Ensure you can afford the instruments and supplies necessary to support the procedures. This may include hospital beds (for overnight patients) and require more sterilizing equipment, a larger sterilizer and/or more pans, which add upfront costs.
- **Trial opportunity.** If you have reservations about going all-in on total joints, explore renting or leasing the equipment before making the full investment.
- **Facility.** Determine what will be required for your facility to accommodate any extended recovery. Is there an existing room that could be used for these patients? How will you handle meals for patients who need to remain overnight?

Achieving Growth

After launching your program, step back and consider how to grow it. Here are some approaches we considered and took:

- **Surgeon engagement.** Share stories of program success (e.g., outcomes, efficiency, cost-effectiveness) with other surgeons so they will consider your ASC as an option for their total joint patients.
- **Patient selection.** As surgeons and staff become more comfortable with the program and its processes, consider expanding patient selection criteria.
- **Patient feedback.** Bring together a focus group of your ASC's total joint patients to discuss and share their experiences. Develop a separate satisfaction survey for this patient population. Patient feedback enables you to learn what opportunities exist to strengthen the program.
- **Advertise success.** Build public awareness of your program via billboards, website testimonials, social media advertising and open houses involving patients speaking about their ASC experiences. Create a brochure for surgeons' offices describing your ASC, the total joint program and quality outcomes for interested patients.
- **Facility tours.** Offer interested patients the opportunity to visit your facility and speak with staff to help build comfort with undergoing an outpatient total joint replacement. Create a virtual tour hosted on your website as another means for potential patients to "visit" your ASC.

Maintaining Success

Here are some ways we have been able to sustain the success of our program as we celebrate our 10th anniversary:

- **Case costing.** Perform regular case costing to help identify savings opportunities in areas such as implant costs and disposable supplies.
- **Bundling.** Explore alternative payment options.
- **Ongoing program attention.** Hold periodic meetings with the schedulers in your surgeons' offices to ensure they remain current with the program and capable of answering patients' questions.
- **New strategies/technologies.** Monitor and implement evidence-based best practices as they emerge in areas such as pain management and infection prevention.

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The advice and opinions expressed in this column are those of the author(s) and do not represent official Ambulatory Surgery Center Association policy or opinion.

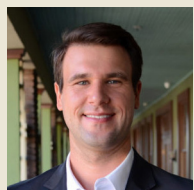
ASCA Webinars Cover Key ASC Physician Issues

Physicians looking for a fast, easy way to keep up with some of the most significant issues affecting their ASCs will want to look into ASCA's Webinar Series. Programs this year will provide valuable information on Medicare's final ASC payment rule, electronic health record requirements, patient collections, staff productivity, managed care contracting, the *Americans with Disabilities Act*, *Family and Medical Leave Act* requirements, Medicare surveys and more.

Purchase ASCA's Webinar All-Access Pass and you and your staff can access ASCA's entire 2019 webinar series—both the live events and recordings—for one low rate, with ASCA members receiving the lowest price. Sign up today at ascassociation.org/webinars.

Maximizing Your ASC's Valuation in a Value-Based Market

By Hilsman Knight



Whether owners are selling or growing their ASC, attracting outside investors can be a difficult and time-consuming process.

Perhaps even more difficult is securing a valuation that meets the satisfaction of multiple owners. Certain optimizations are often necessary in preparation of approaching outside investors to maximize value, but such improvements can take years to implement and must be completed well in advance to show measured results.

Understanding what investors are looking for can help ASC owners identify what they should focus on fixing for a long-term business valuation impact.

The Often-Overlooked Opportunity

When a buyer assesses the value of a business, three key factors are almost always brought to the forefront: size, growth and profitability. While other factors are important to the process of capturing the apex of a business's valuation, these criteria serve as a foundation for creating substantial value.

But as ASCs are forced to adapt to the ever-increasing value-based reimbursement and bundled payments environment, options become limited for improving these three avenues. On the revenue side of the coin, implementing targeted revenue cycle enhancements can often identify kinks in the process. For a well-run ASC, this will only improve the business marginally. While capturing reimbursement is critical to the three valuation factors noted, one area

further down the income statement is often overlooked. The yang to revenue's yin is expenses. Managed expenses can yield sustainable changes that influence the bottom line. If managed effectively, this is an area where ASCs can potentially achieve significant gains.

Moving the Needle

ASCs can spend an enormous amount of money on supplies and implants for surgeries. The crux is understanding how to better regulate your cost of goods per procedure to enhance profitability. Two areas of improvement come to mind when evaluating supplies and implants within ASCs from a mergers and acquisitions perspective. First is knowing the surgery costs before any of the fixed costs per procedure. Second is properly managing inventory so that it is correctly accounted for without hindering value.

One key for improvement is gaining a better understanding of the costs for supplies and implants used in a surgery. As more procedures become safe and profitable to perform in the outpatient setting, options for suppliers begin to emerge for surgery center owners. When purchasing expensive implants, a well-negotiated pricing agreement is crucial—especially if the implants are not carved out and reimbursement is fixed. This can be an integrative negotiation (i.e., win-win) and should be used to build value and a long-lasting relationship with suppliers.

If pricing cannot be negotiated, consider alternatives, especially for high-ticket items. Analyzing and understanding the total variable costs compared to the return of revenue can create immediate value for the business, even if that means eliminating procedures that lose the ASC money.

The supplies used from one procedure to the next can vary, but that doesn't have to result in a financial loss for the procedure. Solutions such as capped pricing may serve to curtail scattered, excessive costs. While the experience with every supplier and product will require an approach specific to the situation, the mantra should always remain the same: What are my variable costs for each procedure?

Another area that can lead to significant value is managing and understanding the method used to expense costs of goods sold (COGS). Purchased supplies are often prematurely expensed as COGS, which creates an understatement of inventory on the balance sheet. Conversely, this causes an overstatement of expenses on the income statement. Understanding the relationship these line items have on one another can help better manage and improve an ASC's valuation. All supplies should be identified as inventory until their use. Expensing these supplies as COGS can add up negatively over time and cause significant decreases in the representation of an ASC's potential profitability. Your COGS should properly identify the supplies from inventory that were used in the procedure. Inventory accumulating on the shelf should be captured on the balance sheet. Once supplies are used in surgery, they can become COGS on the income statement. Taking this approach can help increase profitability so that adjustments do not need to be considered in a valuation.

Without proper management and monitoring, expenses can swerve out of control and leave procedures in the red. Ratcheting down your expenses is an efficient way to create value now that can have long-lasting impact critical to achieving valuation expectations.

Attract, Retain Top-Notch Staff with ASCA's Salary Survey

Keep your ASC competitive with ASCA's 2019 Salary & Benefits Survey. This survey collects national, regional and state data on 20+ ASC positions, and allows you to benchmark your facility's compensation packages with those offered at similar ASCs. The 2019 Salary & Benefits Survey is open May 1–31. There is no cost to participate, and ASCs that complete at least 40 percent of the survey receive personalized results for free. Learn more at ascassociation.org/salarysurvey.

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Why Your ASC Needs a Website (And What to Do With It)

By Sandy Clingan Smith



"Why does my surgery center need a website if I've already invested in a practice website?" It's a question that I hear frequently from

the physicians who assume that a single website is sufficient. In today's world, a website for your ASC is not a "nice to have." It's a necessity.

A website is often the first opportunity you have to make a strong impression on patients and drive business. Our physician partners are surprised to learn how many people visit the websites AmSurg builds for its ASCs. In 2018, they welcomed more than one million visitors. Your ASC's website can become the backbone of your marketing plan, driving business and growth.

Essential Components

A great patient experience starts well before a patient walks through your door. It begins when the patient has the first interaction with your ASC, which will often be through your website. In addition to designing a visually appealing and easy-to-navigate website, these are some of the essential features to include:

- **Strong search engine optimization.** Your website should be easy to find and appear on the first page of a Google search.
- **A great user experience on a laptop and mobile phone.** Almost half our web traffic comes from users on mobile devices.
- **Current biographies and photos of physicians.**
- **Detailed explanations of the procedures you perform.**
- **Pre-procedure instructions.** To help reduce pre-visit anxiety, include step-by-step instructions on how patients should prepare for their procedures and pictures of the center to help patients visualize the space.
- **Quality and patient safety information.** Patient safety and quality are of the utmost importance. We display our accreditation, Consumer

Assessment of Healthcare Providers and Systems Outpatient and Ambulatory Surgery (OAS CAHPS) scores and Gastrointestinal Quality Improvement Consortium (GIQulC) data in a simple format on many of our websites.

- **A simple, secure way to request an appointment, contact staff and ask questions.** Every year, thousands of patients request appointments through our ASCs' websites. With this function, it's imperative that you have the proper security in place to protect patients' information.
- **Health insurance and billing information.** In addition to helping patients understand their health insurance and guiding them through the billing process, we share supplementary resources and offer an online bill payment function.

Marketing Your Website and Driving Growth

Once you have a strategy for building and maintaining your website, identify the key objectives that will drive your ASC's marketing plan and traffic to your website. These are a few of the tools our centers use:

- **Physician recruitment webpage.** A page tailored to prospective physicians can help attract physicians looking for a place to perform procedures.
- **Paid search.** Paid search campaigns enable you to target patients or family members researching procedures. Instead of just displaying an ad, create a call to action that directs users

to pages where they can request an appointment or additional information about your services.

- **News content.** Creating content on a new surgeon joining your center or a new procedure offering can increase your website's traffic from organic searches. In an era where receiving traditional media coverage can prove difficult, original content using targeted keywords can help get your physicians and ASC noticed.
- **Social media promotion.** If your ASC is active on social media, your website can serve as a great source of content for posts. Social media advertising can be an effective way to reach potential patients and physicians and then send them to your website for more information.
- **Job postings.** Don't underestimate the value of a careers webpage. It's a great way to recruit new employees.

With more patients seeking outpatient services, coupled with the increasing consumer demand for digital information, ASCs need a plan to meet these evolving expectations. A clean, user-friendly website, together with a marketing strategy that drives people to it, will help your ASC attract patients and clinicians and set your center up for long-term growth and success.

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Bipartisan Lawmakers Reintroduce Removing Barriers to Colorectal Cancer Screening Act

A bipartisan group of lawmakers recently reintroduced the *Removing Barriers to Colorectal Cancer Screening Act*, also known as the Medicare loophole bill. Under current law, Medicare fully covers screening colonoscopies. If a physician performing the colonoscopy takes a further preventive action such as removing polyps, however, patients become responsible for paying the

coinsurance. This can cost patients several hundred dollars. The potential for this additional charge can deter Medicare beneficiaries from undergoing screening colonoscopies. If passed, the law would waive Medicare's cost-sharing requirement for preventive screening colonoscopies, even if a polyp or tissue is removed. Learn more at advocacy.ascassociation.org/removingbarriers.