The 16th Annual Ambulatory Surgery Center Conference

Improving Profitability and Business and Legal Issues

Larry D. Taylor
President and CEO
Practice Partners in Healthcare
3 Ways to Improve Profits in ASCs
Thursday, October 8, 2009

Larry D. Taylor
President and CEO
Practice Partners in Healthcare
1. Flexible staffing model to vary with volume and case type

- Salary wages and benefits represent a range of expenses:
  - Percent of total expenses
  - Cost per case
  - Percent of net revenue
  - Hourly staff salaries
1. Flexible staffing model to vary with volume and case type

- Use of PRN, part time and full time staffing mix assures the ability to vary with volume. Dependent upon the market environment the deployment of PRN and part time can flex up staffing based on increased case load or on extended days;
  - Assure some type of consistency with PRN and PT staff to comply with need
  - Have PRN and PT as part of consistent staffing to reduce benefit plan expense
  - In today’s environment do not over pay for staff keep salaries in check
1. Flexible staffing model to vary with volume and case type

- The consistent clinical work load that is performed by the Administrator or Nurse Manager is a key to staff balance and moral. When deploying the Administrator (RN) it is important that cross training allow for clinical interface in at least 2 of the following 3 areas;
  - OR Circulator
  - Pre – op
  - Recovery
1. Flexible staffing model to vary with volume and case type

- Cross training RN and STs
  - Pre-op cross trained to circulate
  - Circulators cross trained to Pre-op or Recovery
  - Recovery cross trained to Pre-op
  - Surgical techs cross trained to instrument processing
  - Surgical tech cross trained to purchasing
  - Evaluate the ability to utilize LPN in pre-op and recovery
  - Determine the need for unlicensed personnel to assist RNs with transport and assistance with dressing
1. Flexible staffing model to vary with volume and case type

- OR turn over – everyone especially Administrator assists in turning the rooms
  - Utilize flipping of ORs when resources allow for 1 surgeon to utilize 2 rooms
  - Alert staff when case is approaching close
  - Have next case ready for turn in pre-op
1. Flexible staffing model to vary with volume and case type

- Planning for down time
  - Ask staff to mirror surgeon vacation schedules when volume reduces
  - Plan for holiday coverage both peaks and valleys with staff communications
1. Flexible staffing model to vary with volume and case type

- Analysis of 4/10s
  - Make sure that staff prefers 4 full days of work
  - Assess the length of current cases and when 4 ten hour days can be deployed
  - Potential to deploy in PACU and OR staffing
  - Make sure you can fill each 10 hour day
  - Allow for accommodation period during adjustment to longer day and potential staff response
1. Flexible staffing model to vary with volume and case type

- Staff communication of upcoming heavy and light case days
  - Staff responds to challenges when they are aware of upcoming events
  - Make sure everyone has the latest schedule and the bleed from reception is not negative
  - Utilize stats to communicate case volumes and capacity analysis to communicate trends and what management will do to respond
  - Make sure everyone knows that the center works better when busy and the productivity at height
1. Flexible staffing model to vary with volume and case type

- Be careful on replacements of FTEs
  - Set expectations if over staffed when attrition occurs
  - No automatic replacement without justification and challenge current staffing model, deployment and cross utilization of PRN and PT
  - Communicate to staff time frames or delay in replacement and why
2. Payor Contract Management

- Understand the payment methodology from various payors and develop a matrix for case types to be accepted at the center.
- Meet with partnership and have them comprehend those cases that should be performed at the center (i.e. Contract may not allow for reimbursement for implants) but simple procedures will generate appropriate margins.
- Determine case type and specifics that should remain in the hospital environment.
2. Payor Contract Management

- Partnership communications if implant thresholds exist (i.e. Payment over 200 or 1,000 per case)
- Renegotiate contracts on an annual basis for increases, added case codes since prior contract period and pricing
- Constantly evaluate the OON vs. contracted status of lower subscribed plans in the market place understanding the advantages and disadvantages of OON as well as the legal or regulatory issues as they vary greatly from state to state
2. Payor Contract Management

- Do not contract utilizing a percentage of Medicare rates due to changes in calculations and current environment. The basis of a percentage of Medicare can be utilized for a comparison however do not tie actual rates to Medicare.

- Develop a payor grid or quick reference to communicate the benefits of each payor, status, reimbursables, multiples, unlisted procedures, carve outs and coverage by 3rd party DME companies.
2. Payor Contract Management

- Review charge master annually to be certain revenues are not lost due to lesser of language in agreements
- Develop strong contract audit procedures, timeliness and accuracy are paramount to successful contracting and valid data
3. Responses to volume trends

- Communicate to partners the monthly production of the center and by surgeon
- Communicate high producers and changes in production rates
- Ask for more volume and what can occur to get more cases that are adopted on in-patient cases
- Assess closure of OR and effects on staffing
- Assess closing to 4 full days
3. Responses to volume trends

- Assess unprofitable cases and termination of case type
- Reysndication of partnership to add new cases of existing specialty and or assess adding new case types and margin
Summary

- Set staff expectations on a regular basis and communicate the plan
- Ask for employees to step up to fill voids in the staffing plan as trends emerge
- Cross train staff
- Manage the managed care process on a regular basis
- Adjust variable cost to reflect volume
- Be creative in solutions and gain the buy-in from physician partners
Profit improvement

- Questions and Answers
“Partners for the life of your Practice”

Practice Partners in Healthcare, Inc
www.practicepartners.org