

Leveraging Ideas from Other Industries to Improve ASC Profits



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Chief Operating Officer

Welcome!

- Miami University / Wharton
- CPA & Corporate Finance
- 16 Years Healthcare Services Leadership
 - 13 Years in Dialysis
- Support 125 ASC's & 4 Surgical Hospitals
 - 100,000+ Ortho and 1,000+ Spine Cases
- Married 15 Years w/3 Daughters
 - Wilmette, IL

Objectives

- Compare dialysis industry 10 years ago to ASC industry today
- Review keys to success in dialysis industry
- Leverage ideas from dialysis industry to improve ASC profits

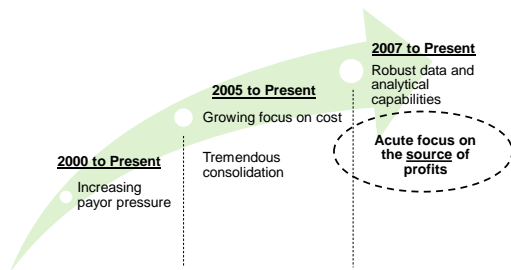
Industry Comparison

Back to the Future → Dialysis of yesterday looks very similar to the ASC space today

Key Trends	Dialysis Circa 2000	ASC Circa 2011
Moderate payor pressure	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
Moderate focus on cost optimization	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
Moderate physician shortages	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
Highly fragmented market	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>

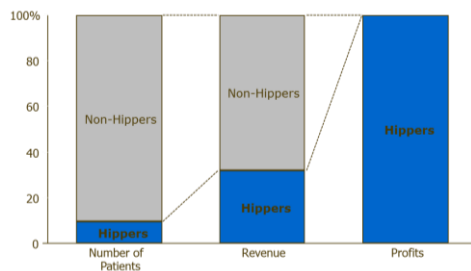
Industry Comparison (con'd)

Learn from History → What might ASCs expect based on where Dialysis is today?



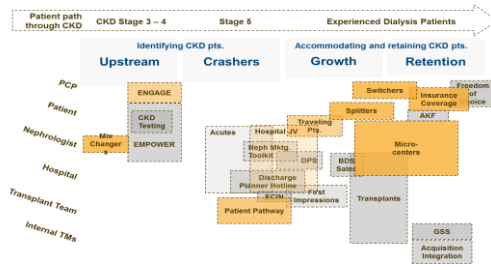
Success in Dialysis Today

Key Profitability Lever → “Hippers” account for >10% of patients and 100% of profit



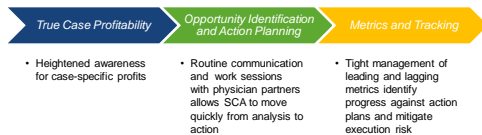
Success in Dialysis Today (con'd)

Optimizing "Hippers" → Strategy focuses on identifying and growing key profitability lever



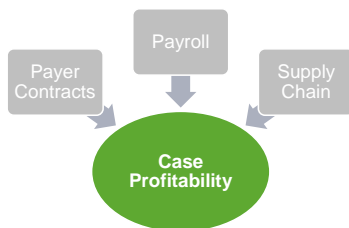
Where do your profits come from?

SCA has developed a platform to identify and track key profitability levers in real-time



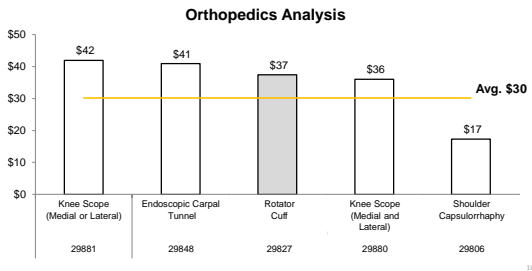
True Case Profitability

Integrates payer, payroll and supply chain databases → real-time, case-specific analysis



Case Study: Midwest ASC

Determine profitability of top procedures on a per minute basis



Case Study: Midwest ASC

Understand variability by physician

(29827) Rotator Cuff

Physicians	OR Minutes / Case	Payment / Minute	Cost / Minute	CM / Minute
MD 1	106	\$55	\$27	\$28
MD 2	121	\$124	\$16	\$109
MD 3	125	\$72	\$23	\$48
MD 4	114	\$93	\$28	\$65
MD 5	170	\$46	\$21	\$25
MD 6	123	\$65	\$17	\$47
TOTAL	122	\$62	\$25	\$37

Case Study: Midwest ASC

Move from analysis to action → Net impact of \$450K

(29827) Rotator Cuff for Physician #1

Payer	Cases	CM
Payor A	100	(\$144k)
TOTAL	100	(\$144k)

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Payer	Cases	CM
Payor A	8	(\$12k)
Payor B	44	\$168k
Payor C	12	\$112k
Payor D	16	\$0k
Payor E	12	\$28k
Payor F	8	\$8k
TOTAL	100	\$308K

Key Takeaways

- Improving ASC profits will depend upon:
 - Understanding where your profit comes from
 - Moving from analysis to action

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