

Best Ideas to Immediately Improve ASC Profits

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Evaluate

- Highest revenue
- Most frequent procedures
- Highest supply cost procedures
- Highest staff cost procedures

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Compare

- Most frequent procedures
 - Have greatest impact on your costs
 - Influence variable expenses
 - Make case for wise use of operating rooms – the only revenue producing product you have

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Points

- Top 10 CPT codes
- By Doctor
 - Revenue per case
 - Minutes per case
 - Medical supplies per case
 - Implants & cost of each per case
 - Profit per case

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Cost per Procedure

- By CPT by Physician
 - Hours per case in each phase of care
 - Supplies and implants per case
 - By item, examples:
 - Sticky notes on very expensive sutures
 - Vendor comparison: Vendor A charges X for this; Vendor B, which you use, charges Y for this

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Revenue Analysis

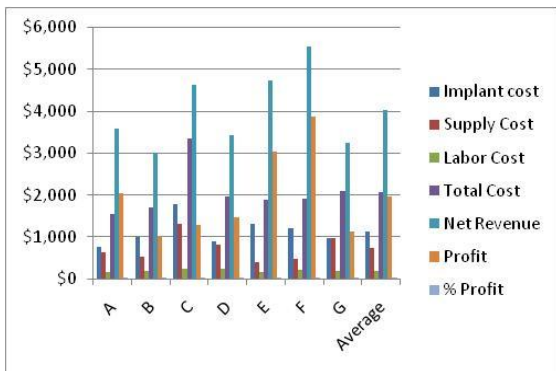
- Managed Care Contract review
- Charge Review
 - Keeping pace with specialty changes
 - Keeping pace with payer changes
- Billing
 - % of charges
 - Write down of Contractual Allowance

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Financial Analysis

- Margin per hour analysis
 - Average revenue per case
 - Staff hours per case
 - Supplies per case
 - Variable and fixed costs per cases
- Value added benefit of benchmarking
 - An ASC has only ONE revenue producing service line. Are you making the most of it? How do you know without benchmarking?

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ITEM	Old Cost	New Cost	Effective Date	Change	Q	Price	Extension	Yearly Savings
SEVOFLURANE	\$192.00	\$144.98	05/04/09	VENDOR CHANGE/7 FREE VAPORIZERS	50	\$1,851.00	\$14,858.00	\$22,212.00
FED X SHIPPING	\$36.00	\$10.95	11/01/09	CHANGED TO USPS FLAT RATE	3	\$75.15	\$150.30	\$901.80
FED X SHIP ENVELOPES	\$18.50	\$4.95	6/1/2009	CHANGED TO USPS FLAT RATE	2	\$27.10	\$189.70	\$326.20
SKIN MARKERS STERILE/ANESTHESIA	\$1.28/\$.38	\$.99/.32	12/03/09	VENDOR CHANGED/DUAL TIP-BETTER	800/1000	23260.00	\$292.00	\$3,504.00
PATIENT FOLDERS-RECYCLE	\$0.88	\$0	01/01/09	RECYCLE AFTER SCANNED	900	\$792.00	\$9,504.00	\$8,504.00
HEALTH INSURANCE			07/01/09	OFFER PLAN WITH SAME COPAY BUT DEDUCTIBLE \$0/000 NOT \$1000		\$10,412.00	\$62,472.00	\$124,944.00

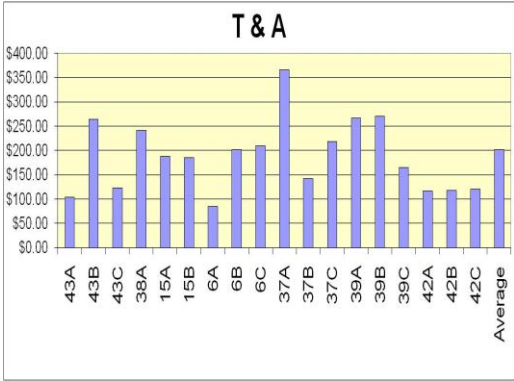
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	Tampa October 2008 YTD	Other Ped October 2008 YTD	Intellimarker 232 ASCs 2007			ASC Association 370 ASCs 2007		
			All Multi-Specialty			Single Specialty	Multi- Specialty ALL	
			Mean	Median	SE location	N=117	N=222	N=370
Total # of Cases	4464	3417	4087 (average)	4168 (average)	4378 (average)			
Gross Patient Revenue	\$ 25,462,693	\$ 24,185,343	\$ 17,750,000	\$ 16,394,000				\$ 12,798,489
Gross Pt Revenue per Patient	\$ 5,704	\$ 7,078	\$ 6,094 (ENT only)	\$ 5,251 (ENT only)	\$ 4,898 (ENT only)	\$ 2,725	\$ 3,508	
Contractual Allowance	7	\$ (18,510,615)	\$ (12,195,000)	\$ (12,247,000)				
Net Patient Revenue	\$ 4,625,810	\$ 5,889,915	\$ 5,756,000	\$ 4,592,000				\$ 5,336,100
Net Patient Revenue per Patient	\$ 1,036	\$ 1,665	\$ 1,865 (ENT only)	\$ 1,338 (ENT only)	\$ 1,257 (ENT only)	\$ 1,422	\$ 1,429	
Total paid FTEs based on hours worked	19.9	22.1						
Staff Hours per patient	7.8	11.2	14.0	13.4				
Payroll Expense	\$ 935,372	\$ 1,336,808	\$ 1,644,000	\$ 1,656,000				\$ 1,463,154
Total Payroll as a % of Net Revenue	20.2%	23.5%	30.7%	28.8%	29.2%	23.7%	28.5%	
Payroll \$5 per case	\$ 210	\$ 391	\$ 421	\$ 387	\$ 345	\$ 318	\$ 416	

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	Tampa October 2008 YTD	Other Pediatric October 2008 YTD	Intellimarker 232 ASCs 2007			ASC Association 370 ASCs 2007		
			All Multi-Specialty			Single Specialty	Multi- Specialty	ALL
			Mean	Median	SE location	N=117	N=222	N=370
Total Operating Expenses as % of NR			76.1%	86.2%	75.1%	59.8%	69.3%	
Total Net A/R		\$ 790,317	\$ 881,000	\$ 623,000	\$ 622,000			
A/R Days Outstanding		43	43	42	38	51	49	
Operating Income	\$ 2,491,300	\$ 1,876,628	\$ 1,170,000	\$ 1,166,000				
Operating Income per Patient	\$ 558	\$ 549	\$ 1,170					
Operating Income as a % of Net Revenue	53.9%	33.0%	18.8%	23.1%		30.6%	18.5%	
EBITDA			\$ 1,149,000	\$ 1,139,000				
EBITDA Margin Analysis								
Net Rev \$3mm to \$4.9mm			16%	19%	7%			
Net Rev \$5mm to \$6.9mm			25%	25%	31%			
Payor Mix as a Percent of Gross Charges								
Medicare			27%	24%	32%			
Medicaid			6%	3%	3%			
Commercial			30%	23%	12%			
Worker's Comp			6%	3%	3%			
Self Pay			4%	2%	2%			
Other Pay			10%	3%	2%			

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4th Qtr 2010	Oct	Nov	Dec	Center Average	Participants' Average	National Average
CENTER NUMBER	Rock Hill					
NUMBER OF CASES	434	440	530	468	315	1201
rate per 1000 cases						
PATIENT BURNS	0	0	0	0.0000	0.0002	0.0330
rate per 1000 cases						
PATIENT FALLS	0	0	0	0.0000	0.0001	0.1670
rate per 1000 cases						
WRONG SITE, PATIENT, PROCEDURE, IMPLANT	0	0	0	0.0000	0.0000	0.0240
rate per 1000 cases						

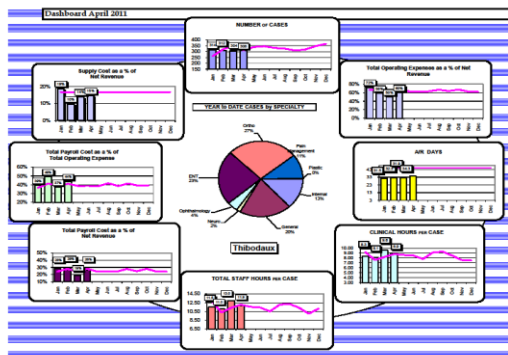
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4th Qtr 2010	Oct	Nov	Dec	Center Average	Participants' Average	National Average
HOSPITAL TRANSFER OR ADMISSION within 24 hrs	0	0	0	0.0000	0.0003	1.1830
rate per 1000 cases						
RETURN TO SURGERY	0	0	0	0.0000	0.0002	0.3000
rate per 1000 cases						
SURGERY ABORTED AFTER PT IN ROOM	0	0	0	0.0000	0.0002	0.0000
rate per 1000 cases						
SURGERY CANCELLED DURING PRE-OP	0	0	0	0.0000	0.0007	0.4000
rate per 1000 cases						

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4th Qtr 2010	Oct	Nov	Dec	Center Average	Participants' Average	National Average
WOUND INFECTION within 30 days of procedure	0	1	1			
rate per 1000 cases	0.0002	0.0002		0.0001	0.0002	1.1000
# of patients who had surgical site hair removal	9	12	13			
Appropriate surgical site hair removal	9	12	13			
% of patients with appropriate hair removal	100.0%	100.0%	100.0%	100.00%	99.93%	97.0%
# of patients with a preoperative order for a prophylactic IV Antibiotic	60	53	75			
ANTIBIOTIC ADMINISTERED ON TIME	58	50	63			
% of patients antibiotics ordered, received antibiotics on time	96.7%	94.3%	84.0%	90.96%	98.06%	97.0%

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Presenting Data

- Make it interesting
- Make it fun, if you can
- Make it competitive when possible
- Give time to digest
- Prepare your medical director to lead a discussion
- Accurate information, valid data source

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Agreements

- Building lease
 - Separate metering for utilities
 - FMV for building services
- Utilities
 - What you can turn down versus off during evening hours and still meet CDC and LSC Environmental Standards

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Agreements

- Bio-medical
 - What really requires bio-medical checks
- Maintenance agreements
 - Frequency per manufacturer instructions
- Record storage
 - Off site versus digital storage
 - Cost of changing “always done it that way”
 - How long do you really need to keep that storage?

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Agreements

- Cleaning
 - Daily, monthly scope of services
 - In house staff that adds help throughout the day to allow higher paid staff to leave without overtime accumulation
- Check renewal dates
 - Do not routinely auto-renew
 - Give yourself time to compare other vendors

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Staffing

- Outsourcing
 - Saving money and/or gaining efficiency?
- Retirees
 - PT workers, commitment, dedication
- Home based workers
 - RN who can do pre and post op phones calls. Info sent via scan or e-fax to ASC

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Staffing

- Check staff “gaming”
 - Oops, so “busy” M-Th that staff have to leave at 11 a.m. Friday so no overtime
 - means staff hours NOT available on Friday to add on cases of busy ortho
- Online registration and patient history saving staff time

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Hours of Operation

- Close on a weekday and open on Saturday
 - Saturday shift diff designed so zero overtime
 - RAC does not have to take day off work
 - Surgeons adapting to patient requests
- Surgeons who operate beginning at 1 p.m.

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Networking with other ASCs

- Split cases of supplies used infrequently
 - 30 in a case but you use 12 a year max
- Close proximity to share Dantrium? State regulations allow? Physicians O.K. with this?

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Introductory Services

- Ease on down the road
 - < 12 month lease for cataract equipment, ophthalmic tech to “show” commitment before purchasing
 - Per day lease for neuro surgeon’s microscope, grouping cases one day every two weeks, e.g.

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