

## IS THERE STILL ROOM FOR JOINT VENTURE ASCs IN THE PHYSICIAN-HOSPITAL INTEGRATION TOOL KIT - THE PROS AND CONS TO ASCs?

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## ASC Joint Venture Development between Hospitals and Physicians

- PROs**
- Increase in current volume
  - Market share growth
  - Enhanced surgeon relationships
  - Revenue
  - Offensive strategy – Competitors
  - Physician recruitment & retention
  - Improved patient satisfaction
  - Brand development

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## ASC Development between Hospitals and Physicians

- CONs**
- Cannibalization
  - Threat to hospital's ambulatory business
  - Concern over ASC profitability
  - Loss of control
  - Fear of failure from lack of ASC experience

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## ASC Joint Venture Development

### Hospital Challenges

- Strategic
- Operational
- Political

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## ASC Joint Venture Development

### Physician Challenges

- Distrust of hospitals by physicians
- Failure to see value in exchange for equity
- Hospital perception that JVs will encourage more independent activity by physicians
- Negative reaction by physicians who are not allowed to participate in ASC
- Reluctance of either party to relinquish total control over the venture

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## ASC Joint Venture Development

### How Hospitals Measure Success

- Number of surgeons from competing hospitals and other ASCs
- Ability to decant cases from the hospital which are better suited for an ASC
- Ability to backfill with higher acuity and or profitable cases
- Increased number of inpatient cases from ASC partners
- Revenue

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## Questions to Consider in ASC Joint Venture Development

- How is state licensing and Medicare certification obtained?
- Who negotiates managed care contracts, and when?
- Source of financing?
- Real Estate negotiations?
- Timing to secure regulatory approvals?
- Responsibilities for handling physician recruitment and establishing criteria for selection?
- Who manages syndication process?
- Determining when to partner with an ASC development and management company?
- Who has responsibility for managing the entire organization?

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