Establishing and Operating an ASC Successfully in a Small Market

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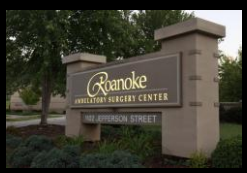
Roanoke Ambulatory Surgical Center

Established 2003
Joint Venture
Carilion Roanoke Memorial Hospital
19 independent physicians (ENT, Ortho)
4,000 Cases / Yr



Elements of Successful Surgery Centers

- Physicians with sufficient volume and case mix to support center
- Effective financial planning
  - Realistic proformas
  - Realistic expectations on investment return
  - Not overbuilding
  - Low debt to equity
  - Equipment and staff sufficient to allow efficiency

Elements of Successful Surgery Centers
strong strategic partners



Elements of Successful Surgery Centers

- Emotional Buy In from Key Parties
  - They MUST have skin in the game
  - They must understand shared risk/shared benefit (it's not MY center, it's OUR center)
  - It is NOT a hospital environment
- Effective Governance and Legal Structure
  - There must be responsible parties
  - There must be a means to address investor concerns

Elements of Successful Surgery Centers

- Sound Operational and Management Systems
  - Clinical
  - Risk Management
  - Business Office
  - Materials Management
- Constant vigilance on Payer Contracting
- Awareness of true cost/case

Elements of Successful Surgery Centers

- Hiring and retaining outstanding staff
- Retain physician users and recruit new
- Developing and Maintaining a positive culture
  - Centers on the Patient
  - Respects the Physicians and Staff

An Independent Surgical Center must be a reflection of the owners and community

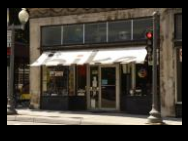
How is it Different in a Small Market?

- How is the same?
  - Cases are the same
  - Equipment needs are the same
  - Support requirements (anesthesia, x-ray, technical) are the same
  - Implants (and their costs) are the same
  - Regulatory requirements are the same

How is it Different in a Small Market?

- Healthcare is a local business
  - Local business success is VITAL
  - Less buffer for local economic contraction
  - MUST be aware of community economics





How is it Different in a Small Market?

Backup plans are more constrained if not successful

An ASC is a BIG business risk in a small market

Few alternatives to support/transition business plan shortfalls

How is it Different in a Small Market?

- Heightened need to create alliances and community understanding of ASC business plan and intent
  (Why should the community support the venture?)
  - QUALITY CARE is the primary intent (you are allowed to make money BUT care comes first)
  - Must show Economic responsibility and benefit to compared alternatives (especially in a financially constrained environment)

How is it Different in a Small Market?

- Culture must be right for community
  - Everyone is watching
  - Must prove quality meets or exceeds alternatives (hospital, tertiary centers)
  - Must offer something not otherwise available
  - Must offer something back to the community (more than medical)

How is it Different in a Small Market?

- Physician Pool
  - Better idea of skills, efficiency, personalities (people you work with every day)
  - Smaller potential replacement pool if a physician leaves
  - Potential issues with transition to hospital employed physician pool
- Staffing Pool
  - Knowledge of nursing and support staff capabilities and expectations
  - Fewer alternatives (to leave) once employed

How is it Different in a Small Market?

- Constant vigilance on Payer Contracting
  - "Perception" of smaller market/community = less expensive
  - Must negotiate on realistic grounds
- Awareness of true cost/case
  - What discounts are possible
  - X# of cases in Roanoke = X# of cases in Chicago (implants, drapes, etc)

RASC
what has worked

- Physicians volume and case mix
- Realistic proformas
- Equipment and staff sufficient to allow efficiency

- Tracking of case type and volume of each for each investor/physician participant
- Minimum volume to break even
- Improved efficiency compared to any other alternative

RASC
what has worked

- Hiring and retaining outstanding staff
  - Give them a reason(s) to leave "old" facility and stick to what has been promised
  - CONSISTENCY IN SCHEDULES
  - Vested in economic success of center (incentive/dividend based bonus)
  - Support during economic slowdowns
  - Vested in clinical success of center
  - Staff that WANT to work at a center
  - They will/do refer others for employment

RASC
what has worked

- ANESTHESIA
  - Pick the best and most efficient
  - Honest scheduling allows large volume and reasonable schedules
  - Monitoring of surgeon and anesthesia impact on patient satisfaction and efficiency
  - Active involvement in technology, devices, equipment

RASC
what has worked

Physician Participation

- Emotional Buy In from Key Parties
  - Skin in the game
  - Shared risk/shared benefit (it's not MY center, it's OUR center)
  - NOT a hospital environment
- Appropriate requests for equipment and implants (initial and ongoing)
- Realistic scheduling (there is no "black hole" between cases)
- Fiscal Awareness!

RASC
what has worked

- Culture must be right for community
  - Quality meets or exceeds alternatives
  - Must offer something not otherwise available
  - Must offer something back to the community (more than medical)
- It has become the preferred site for surgery (procedure type, equipment, staff
- Efficiency (door to door)
- Training and scholastic opportunities

RASC
what has worked

- Constant vigilance on Payer Contracting
- Awareness of true cost/case
- Case cost analysis by CPT and provider for ALL cases
- Reasonable (but protracted) negotiations with presentation of costs/case profile/options if cases "performed elsewhere"

An SUCCESSFUL Independent Surgical Center must be a reflection of the owners and community

The smaller the “community” the more vital this becomes

Thank You

Go Big Red Beat The Citadel

VMI