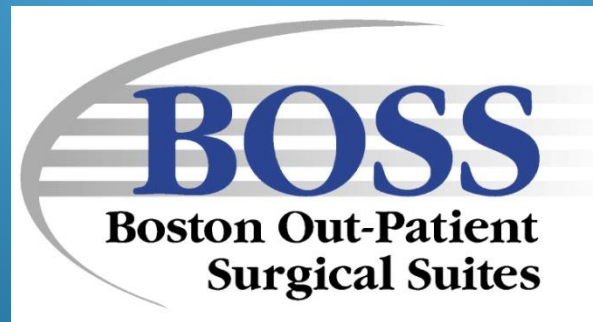


Profitability in Orthopedics in the ASC

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Really only 2 keys...

- Volume & Case Mix
- And they are hard to totally control

Start with the surgeons

- They can enact the most change

Surgeons

- Profitability a function of:

**Efficiency +
Controlling Costs =
PROFITABILITY**

Efficiency- Improving...

- Their actions within your center
 - Efficiency “Flow”
 - Pre-op
 - Post-op
 - In-between
- Their actions **before** they get to your center
 - Fielding questions
 - H & P’s
 - Booking cases for appropriate time and with appropriate equipment

Controlling Costs

- Inherent
- Do they know what items cost?
 - Case costing- INCLUDE TIME
 - Individual or group basis
- Staff can assist with cost control

What else can you do?

- Block utilization audit and re-configure blocks
- Recruit
 - Use techs/anesthesia for inside scoop
- Increase your observation and communication
 - Face-to-face
 - Emails
 - Board Meetings
- Get a physician advocate
 - “The Enforcer” on costs/efficiency/time

What else can you do?

- Efficient surgeons = VOLUME
- These things all help:
 - Block Utilization
 - Lost Case Analysis
 - “Office Love”
 - Take every case- fixed costs
 - Reduce cancellations
 - Strong PAT program
 - Online preop assessment
 - Technology- key

Increasing Volume

- Expand specialties/higher-acuity cases (i.e total joints/spine)
 - Reimbursement
 - Ensure reimbursement is there
 - Meet with insurers
 - Risk contracts/bundled payments
 - Cost to add
 - Equipment
 - Ensure volume is going to stay
 - Facility safety/assessment

Increasing Volume

- Expand specialties/higher-acuity cases
 - Proper education of what it's going to take
 - On-site observation
 - Networking
 - Develop your plan first
 - Surgeon, staff, patient education
 - Monitor initial cases- outcomes/satisfaction

Increasing Volume

- High-cost deductibles
 - Market yourself to surgeons
 - Can insurance companies market for you
- Employer direct contracts/bundles
- Marketing plan
 - Changing environment
 - Branding
 - Value



Staffing Costs

Staffing

- Ensure you are staffed appropriately
 - Balance between too much and too little staff
 - Department staffing
- Staff Mix
 - FT vs PD
- Key players
 - NA's/MA's, “core-tech”, LPN's
 - Materials Manager

Profitability Pearls

- Ensure you have the right people
 - Interview
 - Replace
- Cross-train
- Efficiency Training
 - Turnover time (↑ = more cases and 😊)
 - Best nurses/techs teach others
 - Efficient staff can drive overall efficiency

Profitability Pearls

- Materials Manager
- Bonus Plans
- Incentivize staff
- Involve them in decisions
- Communicate well
 - Staff meetings
 - Day-to-day
- Observe efficiency and comment
 - Pit crew



Equipment, Implants & Supplies

Equipment

- Preserve the old
 - Consolidation of kits
 - Encourage standardization
 - Wrap items separate
- In with the new...
 - Utilize a GPO
 - Trial
 - Talk to all staff involved
 - Demos?

Equipment

- Creative Purchasing Methods
 - Promotions
 - Lease
 - Lease to own
 - Fee per disposable
 - Rebate programs

Supplies

- Standardization
- Custom packs
- Common supplies- ensure easy access
- Utilize GPO
- Trial
- Materials Manager –dedicated person
- Accurate preference cards
- Reprocessing

Vendor Relationships

- Educate them on your types of reimbursement
- Create vendor policies which control:
 - Crowd control- minimizing influence
 - Must monitor their stock & equipment
 - Delivery management
 - Invoice accuracy
 - Staff education
 - Pricing levels they must meet initially
- Creative purchasing methods/rebate programs

Implants

- Standardization
- Stock preferred products- everything else on consignment
- Education of physicians, their office staff, your staff on reimbursement methodology
 - List relevant insurance on schedule
- Changing industry- low-cost “generic” implants

Labral Repair Implants

Company A	Iconix 1.4
Company B	Juggerknot 1.5 (+30 for drill bit)
Company C	3.0 bio SUTURE TAK
Company C	3.0 bio SUTURE TAK double
Company C	2.4 bio SUTURE TAK
Company C	3.0 bio-COMPOSITE SUTURE TAK
Company C	2.4 bio-COMPOSITE SUTURE TAK
Company C	3.0 bio-COMPOSITE SUTURE TAK double
Company C	2.4 bio-COMPOSITE SUTURE TAK
Company D	Gryphon
Company D	Gryphon DS
Company D	G 2 QUICK ANCHOR
Company D	G 2 w/ orthocord
Company D	BIO-KNOTLESS ANCHOR

Labral Repair Implants

Stryker	Iconix 1-4
Biomet	Juggerknot 1.5 (+30 for drill bit)
Arthrex	3.0 bio SUTURE TAK
Arthrex	3.0 bio SUTURE TAK double
Arthrex	2.4 biosutre tak
Arthrex	3.0 BIO-composite suture TAK
Arthrex	2.4 BIOC-COMPOSITE SUTURE TAK
Arthrex	3.0 BIO-composite suture TAK double
Arthrex	2.4 biocomposite suture tak dbl
MITEK	Gryphon
MITEK	Gryphon DS
MITEK	G 2 QUICK ANCHOR
MITEK	G 2 w/ offset cord
MITEK	BIO-KNOTLESS ANCHOR

Rotator Cuff Repair Implants

Parcus	4.5 titanium anchor
Parcus	5.5 titanium anchor
Parcus	6.5 titanium anchor
Parcus	6.5 peek anchor
Parcus	5.5 peek anchor
Arthrex	6.5 CORKSCREW ANCHOR
Parcus	4.5 peek anchor
Arthrex	5.5 CORKSCREW ANCHOR
Arthrex	4.5 CORKSCREW ANCHOR
Biomet	Juggerknot 2.9
Arthrex	5.5 CORKSCREW ANCHOR III
MITEK	HEALIX peek
Parcus	4.5 peek anchor
Parcus	5.5 peek anchor
Parcus	6.5 peek anchor
Parcus	4.5 Biocomposite orthoscrews
Parcus	5.5 Biocomposite
Parcus	6.5 Biocomposite
Parcus	6.5 2.9 (2.9) (+3.15 add)
Parcus	6.5 2.9 (2.9) (+3.15 add)

Lateral Row Implants

Arthrocare	Medial Lock
Arthrocare	4.5 peek pushlock
Arthrocare	Healy bio-knotless
Arthrocare	4.5 peek pushlock w/ offset cord

ACL Repair Implants- Femur

SMITH&Nephew	ENDO BUTTON REAMER
Biomet	Toggleloc
SMITH&Nephew	ENDO BUTTON continuous loop
SMITH&Nephew	ENDO BUTTON direct fixation
Arthrex	ACL Tightrope III
MITEK	Femoral Intrafix

ACL Repair Implants- Tibia

Parcus	peek interference screws 7, 8, 9
Parcus	peek interference screws 10, 11, 12
Arthrex	ARTHREX ACL interference SCREWS
Stryker	Biosteon
Arthrex	MB ADRO SCREWS
MITEK	INTRAFIX tibial shaft/tapered screw

Meniscal Repair Implants

SMITH&Nephew	FAST T FIX
Mitek	Omnispan
Arthrex	Meniscal vapor ar-139-30da
Arthrex	Meniscal Clinch
SMITH&Nephew	FAST T FIX 360 (8574 w/ 8122 disposable)

Radiofrequency Wands

STRYKER	RF PROBE
ARTHROCARE	SUPER TURBOVAC

Misc.

Arthrocare	firstpass
Arthrex	SCORPION NEEDLE
Arthrex	Surefire needle
Arthrex	Matchless needle
Arthrex	ARTHREX X 5 75MM CANN
Arthrex	ARTHREX X 7MM CANN

Labral Repair Implants

iconix 1,4
Juggerknot 1.5 (+30 for drill bit)
3.0 bio SUTURE TAK
3.0 bio SUTURE TAK double
2.4 biosutre tak
3.0 BIO-composite suture TAK
2.4 BIOCOMPOSITE SUTURE TAK
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4.5 titanium anchor
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ACL Repair Implants- Femur

SMITH&Nephew	ENDOBUTTON REAMER
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ACL Repair Implants- Tibia

	peek interference screws 7,8,9
	peek interference screws 10,11,12
	ARTHREX ACL interference SCREWS
	Biosteon
	MILAGRO SCREWS
	INTRAFIX tibial sheath/tapered screw

Meniscal Repair Implants

v	FAST T FIX
	Omnispan
	Meniscal viper ar-13030ds
	Meniscal Cinch
	FAST T FIX 360 (\$574 w \$122 disposable)

Radiofrequency Wands

	RF PROBE
	SUPER TURBOVAC

Misc.

	firstpass
	SCORPION NEEDLE

Colored Price Chart

- Most effective before you initially post
- Re-evaluate every 6 months
- Communicate docs consistently “in the red”
- “Safety net” for docs with reps in the room
- Reps will take notice

Sole-Source Agreement

- Single vendor
- Percentage-outlier OK
- True “partnership”
- Cover all lines: sports, recon, trauma, spine
- Technology & value-added
- Compliance is key
- Added benefits
 - Standardization
 - Consignment
 - Ordering
 - In-house rep?

Profitability Pearls

- Look at every item in the patient experience... can you eliminate or reduce the cost of items
 - Linen, IV tubing, medical gases, custom packs, gloves, suture, anesthesia circuits, LMA's
 - Materials Manager leads the charge
- Get a hold of your vendors
 - Standardize, get discounts & rewards
 - Competition if need to lower prices
- Is it time to reprocess?

Profitability Pearls

- Eliminate “wasted” opened unused supplies
 - Have a “don’t open til needed” policy
 - Everything in the room
 - Update preference cards
- Monitor OR tables
 - Staff issues
- Meet with your MM often
 - Review numbers
 - Opportunities



Business Office Boosting

Business Office Boost

- Department Staffing
- Dedicated roles & cross-training for coverage
- EVERY case is pre-authorized and finances communicated
- Collect what you can up front
 - Technology & “risk-sharing” companies
- Payment plans

Business Office Boost

- Consistent claims process:
 - Claims out within 24 hours
 - Requires physicians to dictate!!
 - Superbills
 - Claims accurate
 - Educated coder
 - Implants on initial bill
 - Follow-up every 15 days
 - Follow-up on EVERY appeal aggressively
 - Computerized system of monitoring

Scheduling

- Fill blocks first
- Release time for add-on cases
- Take every case if possible
 - Early start if needed
- Do bigger cases earlier
- Same sides in a row
- Same equipment in a row
- Bounce cases when can (good bouncers only)

Scheduling

- Equipment conflict awareness
- Realistic booking times with correct equipment
- Excellent relationship with office schedulers
 - Communicate schedule
 - Communicate open time
 - Office visits

Contracts

- Hire a consultant?
- If you negotiate yourself- be prepared
 - Know your case costs
 - Use HOPD rates as reference
 - Face-to-face meetings
- Implant consideration- reimbursement or inclusion
- Carve outs
- Surgeon/office awareness of changes
- Is it possible to go OON?

Profitability Pearls

- Monitor your business office success EVERY DAY
 - A/R days
 - % of claims current/ over 90
 - Batch reports of billed cases
 - Implant logs
 - Open the mail- note denials
- Work quickly to combat negative trends
 - Business office meetings
- Handle negotiations
 - OON- outsource?

Profitability Pearls

- Ensure you have an excellent scheduler
 - Communication with offices
 - Office visits – IMPACT!!!
 - Open OR time communication
- Involve yourself in the scheduling/important functions
- Evaluate contracts



Anesthesia

Anesthesia

- Key component to facility efficiency
- Limit providers to efficient ones
 - CRNA vs. extra anesthesiologist for pre-op and blocks
- Efficiency flow routine
- Staff to assist them with turnover/blocks/stocking
- Blocks done pre-operatively
 - Blocks absolutely reduce PONV and PACU LOS
 - Proper dictation and billing
- Involve them in decisions



**Keys to success in
developing your
outpatient joint
program**

What's your value proposition?

- Do you have the surgeons willing to do it?
- Do your surgeons have the experience to be successful?
- Will your patients be interested/demographics?
- Is it feasible to do it at your facility?
- Do you have the resources?
 - Experienced staff
 - PT
 - VNA
 - Hospital transfer
 - Anesthesia experience/willingness

Getting things rolling....

- State regulations
 - 23 hr stay
 - Notification of new services
- Facility feasibility
 - OR/PACU size
 - Recovery “space”
 - Space for family
- Staffing considerations
 - Experience
 - Structure

Getting things rolling....

- PT consideration
- VNA/Home health facilitation
- Dietary consideration
- Supplies & equipment
- Transfer agreement/ambulance agreement
- DVT Prevention

Keys to Success

- Develop a “total joint team”
 - Same surgeon (s)
 - Same anesthesiologist
 - Same nurse/ tech
 - Same rep (+/-)
 - PT lead
 - VNA point of contact
- Develop a team- approached/consensus clinical pathway

Keys to Success

- Then go to your insurers
 - Present clinical pathway
 - Have their medical team meet with yours at your facility
 - Reference national data on pricing
 - Emphasize cost savings with shift
 - Emphasize scaling of program
 - Outcome data to present back over time
 - Bundled payments

Keys to Success

- Approach your vendors
 - Consolidate (will definitely help with pricing)
 - Creative purchasing (i.e. include disposables)
 - Purchase equipment through them?
 - Ensure your rep is trustworthy/valuable
- Develop your pre-op education
 - Written education guide vs. DVD
 - Facility tour
 - PT meeting
 - Anesthesia meeting
 - Patient Navigator

Keys to Success

- Patient Navigator
 - Nurse
 - Patient's "go to"
 - Surgeons "go to"
 - Apps
 - Patient communication
 - Outcome data

Keys to Success

- Excellent patient selection
- Very strict at first, then scale
- Computerized risk assessment
- Consistency
- Surgeons have to take some ownership in the office
- Patient motivation & support system is key!

Keys to Success

- Pre-op efficiencies
 - Nerve blocks
- OR efficiencies
- Interoperative “cocktail”
- Rep support
- Equipment & supplies
- PACU efficiencies
- Communication with PT/VNA
- Prepare for “bad things”

Keys to Success

- Evaluate after you have started- whole team analysis
- Take initial cases as “add-ons” – early a.m. until you get consistent volume

Keys to Profitability

- Vendor standardization and aggressive negotiations
- Know your case costing before you go to your insurer
 - Equation
 - Implant cost (avg. \$4,320)
 - Supplies cost (pack, sutures, etc)- \$300
 - Case-specific supplies (saw blades, pulse lavage, cement, mixing bowl) \$300
 - Hood - \$90
 - DME- ??
 - Meds- i.e. Exparel (\$\$) \$350
 - “Extra staffing”- \$100-\$200
 - Ensure you factor in cost/minute- 2 hrs x \$15/min= \$1,800

Keys to Profitability

- Know what the hospitals get
 - TKA: Avg. \$31,124 (\$11,317 - \$69,654)
 - THA: Avg. \$30,124 (\$11,327 - \$73,987)
 - A study of Cost Variations for Knee & Hip Replacement Surgeries in the U.S., BCBS & Health of America Report, January 21, 2015
- Negotiate for a win on both sides- but ensure your margin
 - Case cost: \$7,500
 - Reimbursement: \$15,000
 - “Profit” - \$7,500

Keys to Profitability

- Build volume & scale
 - Recruit other docs
 - Aggressive marketing
 - Don't be afraid to be the first- build it and they will come
 - 2 rooms is key
 - Saves extensive prep & closure
 - Prevents cases coming out of the OR late



Questions???

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