



COOPERATIVE COLLABORATION WITH HOSPITALS

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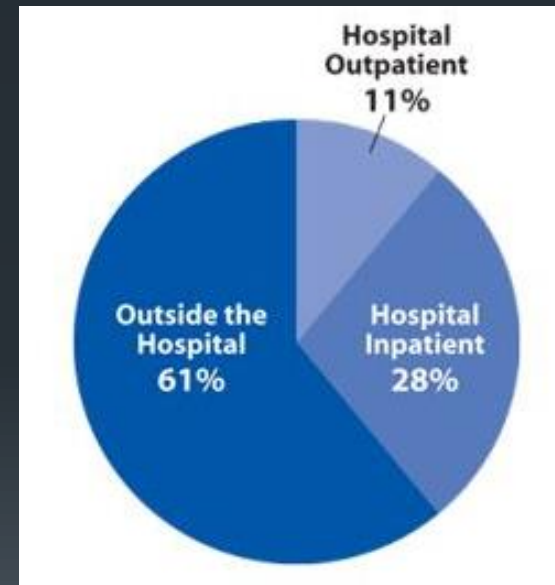
Why is it important to collaborate with hospitals?

1. The Hospital Perspective
2. The ASC Perspective



The Hospital Perspective

- Due to the high cost of hospital operations, many programs result in the loss of revenue as the reimbursement falls short of the cost of the case
- Many of the programs result in the loss of revenue, turning them into loss leaders
- On average the hospital OR's cost about \$3,100/hour - \$7,400/hour
- HOPD reimbursement rate is less than the cost for these procedures; Free standing ASCs can be a solution to that loss of revenue
- The bulk of the hospitals' revenue is generated from inpatient procedures and stays



The Hospital Perspective

Payers Not Reimbursing

- Various payers are currently pushing programs out of hospitals to more cost effective ASCs
- Redirecting cases from the hospital to the free standing ASC reduces the hospitals loss

Cost Savings Based on Commercial Payers

<u>Specialty</u>	<u>Cost Savings</u>
General Surgery	\$2,850 per case
Orthopedic	\$2,850 per case
Ophthalmology	\$2,850 per case
Gastroenterology	\$1,300 per case
Gynecology	\$1,900 per case
ENT	\$4,750 per case
Podiatry	\$2,850 per case
Urology	\$1,900 per case

* The figure above indicates estimated procedure cost savings between hospitals and average ACSs

The Hospital Perspective

Ancillary Services

- Specialized programs capture new business from the hospitals for doctors that may not be on staff.
- Certain specialized programs have ancillary services that the hospitals can make money on vs. other procedures.
- Joining the surgery center in some of these programs to offer the ancillary services, then captures doctors and patients that might belong to other hospitals





These Ancillary Services Include:

- In certain procedures, the hospitals receive these ancillary services:
- The Radiology component
 - CAT Scan
 - MRI's
 - Follow Up X-RAY's
- Radiation Oncology (Radiation Treatments)
- Oncology (Chemotherapy)
- Rehabilitation Services (Post Ortho Therapy)

ASC Perspective

- Gives the ASC the ability to carry out more complicated and expanded services
- Develops good relationships with the hospitals
- Diversify revenue streams as we expand services and do more complicated cases



ASC Perspective

- It's important for hospital and ASCs to work together.
- Transfers run more smoothly when there is a relationship with the hospital
- Hospitals can be resources in emergencies for equipment and certain disposables
- From the regulatory standpoint, hospitals generally have large administrations where they serve as an advisor when changes in policies occur
- From collaboration, we can establish relationships with the compliance officers of the hospital and the infection control departments



How Do We Start These Programs?

- Use your doctors' influence in the hospitals to talk to chairmen of departments and hospital administrations
- Present key programs where hospitals lose money and the cases serve as loss leaders to other services the hospital offers. ASCs can be the financial solution
- Invite hospital administrators and department chairs to your surgery center as most have never toured a free standing ASC