1. Flexible staffing model to vary with volume and case type

- Salary wages and benefits represent a range of expenses:
  - Percent of total expenses
  - Cost per case
  - Percent of net revenue
  - Hourly staff salaries

- Use of PRN, part time and full time staffing mix assures the ability to vary with volume. Dependent upon the market environment the deployment of PRN and part time can flex up staffing based on increased case load or on extended days;
  - Assure some type of consistency with PRN and PT staff to comply with need
  - Have PRN and PT as part of consistent staffing to reduce benefit plan expense
  - In today's environment do not over pay for staff keep salaries in check
1. Flexible staffing model to vary with volume and case type

- The consistent clinical workload that is performed by the Administrator or Nurse Manager is a key to staff balance and moral. When deploying the Administrator (RN) it is important that cross training allow for clinical interface in at least 2 of the following 3 areas:
  - OR Circulator
  - Pre-op
  - Recovery

- Cross training RN and STs
  - Pre-op cross trained to circulate
  - Circulators cross trained to Pre-op or Recovery
  - Recovery cross trained to Pre-op
  - Surgical techs cross trained to instrument processing
  - Surgical tech cross trained to purchasing
  - Evaluate the ability to utilize LPN in pre-op and recovery
  - Determine the need for unlicensed personnel to assist RNs with transport and assistance with dressing

- OR turn over – everyone assists in turning the rooms
  - Utilize flipping of ORs when resources allow for 1 surgeon to utilize 2 rooms
  - Alert staff when case is approaching close
  - Have next case ready for turn in pre-op
1. Flexible staffing model to vary with volume and case type

   Planning for down time
   • Ask staff to mirror surgeon vacation schedules when volume reduces
   • Plan for holiday coverage both peaks and valleys with staff communications

1. Flexible staffing model to vary with volume and case type

   Analysis of 4/10s
   • Make sure that staff prefers 4 full days of work
   • Assess the length of current cases and when 4 ten hour days can be deployed
   • Potential to deploy in PACU and OR staffing
   • Make sure you can fill each 10 hour day
   • Allow for accommodation period during adjustment to longer day and potential staff response

1. Flexible staffing model to vary with volume and case type

   Staff communication of upcoming heavy and light case days
   • Staff responds to challenges when they are aware of upcoming events
   • Make sure everyone has the latest schedule and the bleed from reception is not negative
   • Utilize stats to communicate case volumes and capacity analysis to communicate trends and what management will do to respond
   • Make sure everyone knows that the center works better when busy and the productivity at height
1. Flexible staffing model to vary with volume and case type

- Be careful on replacements of FTEs
  - Set expectations if over-staffed when attrition occurs
  - No automatic replacement without justification and challenge current staffing model, deployment and cross utilization of PRN and PT
  - Communicate to staff time frames or delay in replacement and why

2. Payor Contract Management

- Understand the payment methodology from various payors and develop a matrix for case types to be accepted at the center
- Meet with partnership and have them comprehend those cases that should be performed at the center (i.e. Contract may not allow for reimbursement for implants) but simple procedures will generate appropriate margins
- Determine case type and specifics that should remain in the hospital environment

2. Payor Contract Management

- Partnership communications if implant thresholds exist (i.e. Payment over 200 or 1,000 per case
- Renegotiate contracts on an annual basis for increases, added case codes since prior contract period and pricing
- Constantly evaluate the OON vs. contracted status of lower subscribed plans in the market place understanding the advantages and disadvantages of OON as well as the legal or regulatory issues as they vary greatly from state to state
2. Payor Contract Management

– Do not contract utilizing a percentage of Medicare rates due to changes in calculations and current environment. The basis of a percentage of Medicare can be utilized for a comparison however do not tie actual rates to Medicare

– Develop a payor grid or quick reference to communicate the benefits of each payor, status, reimbursables, multiples, unlisted procedures, carve outs and coverage by 3rd party DME companies

2. Payor Contract Management

– Review charge master annually to be certain revenues are not lost due to lesser of language in agreements

– Develop strong contract audit procedures, timeliness and accuracy are paramount to successful contracting and valid data

3. Responses to volume trends

– Communicate to partners the monthly production of the center and by surgeon

– Communicate high producers and changes in production rates

– Ask for more volume and what can occur to get more cases that are adopted on in-patient cases

– Assess closure of OR and effects on staffing

– Assess closing to 4 full days
3. Responses to volume trends

- Assess unprofitable cases and termination of case type
- Reysndication of partnership to add new cases of existing specialty and or assess adding new case types and margin

4. Supply Chain Management

- Custom Orders
- Just-in-time inventory
- Reprocessing
- Standardization
- Waste reduction
- Competitive pricing and sourcing
- Drugs and anesthesia
- Physician buy-in to modifications

5. Packs and Trays

- Custom Packs and trays can be customized to meet the medical staff needs by surgical type
- Savings can rang from 15 to 65%
- Custom packs are developed at the center level by the clinical staff and local distributor
Rational behind the use of Custom Packs in the ASC

- Provide increased efficiencies in your supply chain
- Cost saving opportunities by accessing Cardinal's purchasing power on bulk non-sterile items
- Allows for more product standardization
- Decreases valuable time in picking supplies
- Inventory management improvement
- Increased charge capture

Process for Procuring Custom Packs for use in the ASC

- Facility selects and joins Group Purchasing Organization (GPO)
- Facility selects distributor for GPO
- Facility and distributor representative select appropriate Letters of Commitment for vendors who participate in GPO contracts
- Facility notifies distributor of interest in use of Custom Packs for surgical cases and/or procedures
- Distributor coordinates acquiring quotes from various pack manufacturers on behalf of facility
  - This includes coordination with facility to determine what items will be in each pack and many times involves having pack manufacturer rep visit the facility and work in OR cases to assure appropriate items are selected for packs.

Process for Procuring Custom Packs for use in the ASC

- Evaluate the various manufacturers' samples and pricing to assure all the items you need are in the packs and they are in the correct order as needed
- Select the manufacturer that best fits your needs and budget. Remember, the cost is directly associated with what you put in the packs. Generally, the most expensive items are the drapes and gowns.
- All distributors and manufacturers of packs will require a custom product agreement to be signed. The purpose of the agreement is to assure that you will purchase what they have made for you if you choose to change. This is custom product and they can't sell it to anyone else.
- The agreement is signed and received by the manufacturer, the manufacturer is required to determine if they currently house the necessary inventory required to assemble your packs. Inventory is in stock present in the needed volume, inventory is ordered to prepare your packs.
- Inventory for your packs is present at the manufacturer, a work order is initiated and placed in the queue for preparation, sterilization and assembly.
Process for Procuring Custom Packs for use in the ASC

- The process from receipt of the signed agreement to the facility's receipt of the custom packs is typically 8-10 weeks. This period is required due to the evaluation, ordering and receipt of inventory for the packs, adherence to FDA requirements for sterilization of each item that goes into the pack (for example, if the FDA requires 8-day EtO sterilization for an item in a pack while all other items only require 3-day sterilization, the entire pack is delayed the 9 day period for sterilization), testing of the items, actual assembly of each pack, shipping to the distributor, and finally shipping to the facility for use.

- *NOTE: The 8-10 week period is comparable in the industry among pack manufacturers. Others even state a 12 week period.

Process for Procuring Custom Packs for use in the ASC

- Generally a manufacturer will produce a three month supply at one time and ship it to the distributor for you to use as needed. The distributor will ship them as needed so you don't have to take the whole amount.

- Once the initial order is received at the distributor/facility level, work orders are produced in advance of need based on average use.

- Backorders are avoided by producing packs in advance of need.

- Change orders require a period of 8 weeks due to the same process above due to already assembled packs sitting unused at the distributor.

- The distributor and manufacturer continually work to assess opportunities for savings (i.e., replacing items in packs for less expensive items as they come available) if approved by the end user.

6. Accounts Receivable Management

- Up front verification of coverage for patient from payor:
  - Verify enrollment, verify any needed pre certifications.

- Up front collection of copay/coinsurance based on patient insurance. Third party software verification, Payor on line verification, Patient Insurance card verification.

- Timely filing of claim to expedite payment and avoid any termination of benefit issues:
  - Transcription turn around, 0-48 hours
  - Coding turn around, 0-48 hours
  - Charge entry
  - Claim Submission to clearing house
  - If clean claim straight to payor, if issues must be corrected and resubmitted
6. Accounts Receivable Management

- Timely posting of remittance advice payment and contractual allowances:
  - Expedites billing of secondary insurance once balance is known.
  - Expedites billing of patient for copay/deducts once balance is known.
  - Expedites discovery of non-payment issues and resubmission and/or appeals.
  - Expedites discovery of any payment issues from the primary insurance company, underpayment, overpayment, coverage issues.
- Consistent touches on accounts moving forward:
  - Accounts with outstanding balances should be touched twice a month for follow up.

6. Accounts Receivable Management

- Patient mailers monthly for collection of patient balances.
- Timely outsourcing to a third party collection agency:
  - Fixed outsource time frame once all internal processes have been exploited. i.e. after 3 patient mailers account is outsourced to collection agency.
  - All collection agencies will charged based on the age of account, either from date of service or date of last payment. Charges can usually increase up to 50% between 90 days and 120 days. Timely outsourcing is imperative.
- Timely processing of refunds:
  - If payors are not refunded overpayments timely they will recoup via future payments. This causes issues with posting of current claims.

7. Clinical Excellence

- High customer service and nursing care
- Nursing and anesthesia team development in all areas (pre-op, recovery, OR)
- Block protocol with anesthesia and training
- Patient satisfaction survey distribution and immediate feedback at discharge
- Best practices and positive communications and attitudes
Summary

- Set staff expectations on a regular basis and communicate the plan
- Ask for employees to step up to fill voids in the staffing plan as trends emerge
- Cross train staff
- Manage the managed care process on a regular basis
- Adjust variable cost to reflect volume
- Be creative in solutions and gain the buy-in from physician partners

Summary

- Custom Orders reduce staff time and waste
- Just-in-time inventory assures cash controls and waste
- Reprocessing single use items (FDA approved)
- Standardization increase efficiency
- Waste reduction cost reduction
- Competitive pricing and sourcing
- Drugs and anesthesia pricing and utilization
- Physician buy-in process and recruitment
- Protocol standardization and patient set-up

Questions and Answers
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