

## Reducing Costs and Hours per Case

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### Goals of Discussion

- Identify methods to reduce variable costs in the ASC
  - ❖ Case Costing methodology
  - ❖ Tips for effective scheduling
  - ❖ Proven methods for managing staffing hours
  - ❖ Tools for monitoring and measuring

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### Case Costing Methodology

- Data preparation
  - ❖ Utilize surgery information system to fullest extent
  - ❖ Organize supplies to concise areas
  - ❖ Enter supplies into information system in organized/planned manner
  - ❖ From invoices, carefully break down supply costs to each and enter cost for each supply
  - ❖ Develop preference cards for each physician and each procedure in the information system
  - ❖ From income statement, calculate cost per minute of fixed expenses
  - ❖ Calculate clinical salary costs per operating room minute

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## Case Costing Methodology

- Implementation
  - ❖ Define the "who's"
    - The person responsible to enter supplies used after case completed on a DAILY basis
    - The person responsible to maintain preference cards on a weekly basis
    - The person responsible to review invoices weekly to ensure supply cost is the same as being charged
    - The person responsible to ensure price charged is agreed-upon fee

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## Case Costing Methodology

- Reporting
  - ❖ As physicians complete cases review with them closed case costs.
  - ❖ Compare physician against other medical staff members
  - ❖ Look for the variables that are driving up costs
  - ❖ Organize same specialty doctors to talk to each other and share their 'how I do it' tales
  - ❖ Use the data daily to determine whether accepting a case will, at a minimum, cover variable costs

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## Case Costing Methodology

Negative Contribution margin per procedure by payer (\$)

Code Procedure	ANTHEM	HUMANA	Medicare
01927 INSERTION OF ANTERIOR SEGMENT AQUEOUS DRAINAGE DEVICE, WITHOUT EX		-263	
22524 PERCUTANEOUS VERTEBRAL AUGMENTATION, INCLUDING CAVITY CREATION (T			-3,489
22554 ARTHRODESIS, ANTERIOR INTERBODY TECHNIQUE, INCLUDING MINIMAL DISC	-1,461		
27130 ARTHROPLASTY, ACETABULAR AND PROXIMAL FEMORAL PROSTHETIC REPLACEM		-3,854	-3,320
27047 ARTHROPLASTY, KNEE, CONDYLE AND PLATEAU, MEDIAL AND LATERAL COMPA		-1,009	-2,834

Average Supply Costs per Doctor per Procedure (\$)

Doctor	ARTHROPLASTY, INTERPOSITION, INTERCARPAL OR CARPOM	ARTHROSCOPY, KNEE, SURGICAL WITH MENISCECTOMY (ME	NEUROPLASTY AND/OR TRANSPOSITION, MEDIAN NERVE AT	TENDON SHEATH INCISION (EG, FOR TRIGGER FINGER)
Doctor A	391	369	210	212
Doctor B	318	365	208	
Doctor C		459	295	0
Doctor D	281		94	58
Doctor E		376	206	

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## Fixed Expense Reduction

- Annually go shopping for your contracts
  - ❖ Liability insurance coverage
  - ❖ Linen
  - ❖ Housekeeping/building maintenance
  - ❖ Preventive maintenance contracts

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## Staff Utilization

- Know the market
  - ❖ Benefits
    - Review ASCA data for common ASC benefits
    - Evaluate facility benefits package
    - Anticipate through discussion with underwriter expected change in benefit costs
    - Evaluate Bonuses: performance-driven or entitlement
  - ❖ Do an annual wage analysis
    - Local market, ASCA
    - Compare pay indicators to your facility
    - Evaluate whether a wage increase is indicated
    - Stay within the market!

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## Staff Utilization

- Business-driven scheduling
  - ❖ Thoroughly evaluate the daily and weekly scheduling patterns of surgical procedures
  - ❖ Prepare a Gantt chart and show to the Board
  - ❖ Make the tough recommendations to move towards vertical vs horizontal scheduling
  - ❖ Avoid gaps in the schedule
  - ❖ Engage partners to make the first changes

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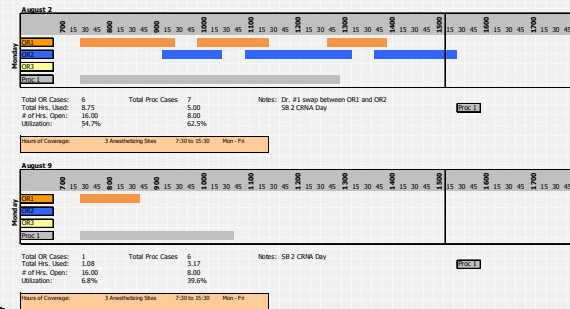
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## Gantt Chart

ABS Surgery Center Gantt Chart August 2010



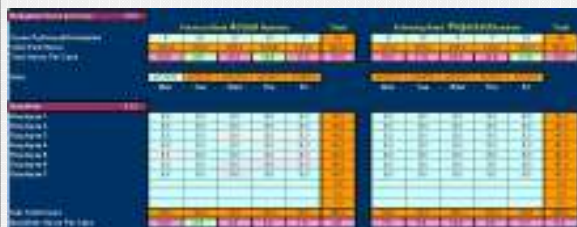
## Staff Utilization

- Business driven staffing
  - ❖ Graduate to replacing full time employees with part time or per diem without benefits
  - ❖ Build up pool of per diem then offer them an additional day per week when a full time person exits
  - ❖ Creative scheduling – 6 hour; 8 hour or 10 hour shifts.
  - ❖ Job share positions
  - ❖ Create the 'perfect staffing pattern' for your center then hire to the pattern

## Staff Utilization

- Business driven monitoring of staffing
  - ❖ Teach first level leaders cause and effect of staffing
  - ❖ Reward success
  - ❖ Consider whether business office and administration is a fixed vs. variable expense
  - ❖ Staffing productivity tool
    - Plan ahead for gaps in schedule.
    - KNOW what is coming up and plan accordingly
    - Measure achievement of staffing plan daily and weekly
      - ❖ Hours per case projected
      - ❖ Hours per case achieved

## Staffing Productivity Tool



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## Summary

The future is always unknown but today it is unknown and uncertain. The good old days of the ASC are behind us and we are now celebrating the good old days of the future. The ASC industry has always known how to do more with less. Now we have to do it even better to succeed.

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## Thank You

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