

Building a Successful ASC from the Outside In

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Building a successful ASC requires prospective owners to contribute a great deal more upfront than a healthy dose of wishful thinking. It requires doing the advanced planning necessary to ensure the concept is not just viable, but sustainable.

These activities run the gamut from developing an understanding of the environment in which the ASC will operate, to the costs to open the doors and keep them open, to selecting the right technology to drive efficiency while keeping overhead as low as possible.

Here are five keys to building a successful ASC from the outside in.

1. Weigh the feasibility of every aspect of your ASC before taking a single step

If history has taught us anything, it is that failing to plan is planning to fail. This is particularly true for ASCs, nearly one-third of which fail due to poor advance planning. This fate can be avoided by conducting a detailed feasibility study that provides the depth of information you need to determine everything from the ASC's size and specialty to initial and future patient case volume.

The first, and perhaps most important, element is identifying the ASC specialty and the physicians to recruit. Focusing on a limited number of specialties rather than attempting to offer a laundry list of services will typically result in a more efficient and cost-effective operation, since the surgeons and operating rooms will typically have the same equipment, staffing and procedural needs.

It is also important to determine which physicians in the community will fully commit to the ASC. This includes both the surgeons who will utilize and provide direct financial support to the facility and the community physicians who will refer patients to those surgeons.

From there, patients and caseload must be determined. Without a sufficient patient caseload, even the best-designed ASC is doomed to fail. Receiving guidance from someone who understands the structure of an ASC and is experienced in the "environmental scanning" necessary to determine which physicians can actually deliver upon promised caseloads, patient demographics and payor mix (e.g. Medicare vs. private pay) is vital.

A feasibility study will also provide a good projection of how large the facility should be and how many operating rooms will be needed at startup. This is also a good time to determine what accommodations should be made for future expansion, if any, as it is much more efficient for architects to incorporate expansion plans into the original design than to retrofit in the future.

However, growth must be studied carefully as a facility that is too large, contains too much non-revenue generating space or will require costly remodeling to accommodate expansion presents another set of challenges. This is why it is also important to choose an architect experienced in ASC design rather than one focused on hospital design.

2. Get your financial house in order

Next up is a comprehensive pro forma analysis. This will dictate the capital needed to construct and outfit the facility itself, as well as to ensure adequate staffing levels can be maintained

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during the startup phase.

It is critical to accurately estimate the cost of everything that will be needed without going overboard. There is a fine line between the two, and both too much and too little will have negative consequences on the organization. At this stage, plan for everything from the outside in, including construction, permitting, operating room and office equipment, pre- and post-opening staffing, telecommunications and even broadband Internet access and internal network cabling requirements.

Again, it's important to seek help with the financial planning from someone experienced with ASCs rather than hospitals, in part because ASCs are reimbursed at approximately 60 percent of what hospitals receive. Lower reimbursements mean less capital is generated to reinvest into the facility and to earmark for repayment of any loans.

Someone experienced in ASC financing will also be better able to accurately establish facility procedure rates based on payor mix, patient population and reimbursement levels by payor type. This is important, as setting rates too high will artificially inflate projected revenues and negatively impact future caseload, while rates that are too low mean lost revenue opportunities.

When the pro forma analysis is complete, it's time to seek financial support for the organization. Securing investors and/or financing must be done very early on or planning will come to an abrupt standstill.

Financing in any form is not as easy to secure as it once was. But it does exist for those who have their financial house in order. That is why it is imperative to know how much money will be needed and be able to justify the requested amount. It is also important to base these figures on facility fees alone, rather than a mix of facility and professional fees. The reality is that if professional fees are needed to make the ASC profitable, its chances of success are limited.

Finally, when seeking investment from physician owners/partners, it must be made clear that they will be expected to contribute both monetarily and through loan guarantees. If they are not willing to do so, it may necessitate turning away their financial commitment as it is unreasonable to ask a few physicians to take on all of the risk.

3. Never underestimate staffing needs before and after the doors open

Human resources are a significant consideration in any successful ASC. The staff itself should represent the most appropriate mix of clinical and administrative talent to ensure safe, efficient and quality patient care, while at the same time ensuring that coding and billing are done in an expedient and accurate manner.

Staffing levels must be adequate to effectively manage both patient caseloads and administrative workloads with little or no "unproductive" time, but not so little downtime that staffers are overwhelmed. The right balance is critical, as too many employees are a financial drain while too few can impact safety and patient/physician satisfaction levels.

To that end, cross-training should be a consideration for all staff members. Pre-operative nurses

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should also be able to provide post-operative care, and all nurses should be able to serve in the OR when necessary. This enables greater flexibility in staffing skill mix and levels.

One aspect of staffing many planners fail to adequately address are needs during the licensing and accreditation period, which often occurs before an ASC is generating revenues at top levels. At minimum, a properly trained skeleton staff is required to work with auditors and accreditation teams to ensure that paperwork is in order and documentation processes and procedures are clearly defined.

It is also not sufficient to limit pre-licensure staff to those on the administrative side. In many cases, such as with Medicare certification, the ASC must be actively performing procedures as certification teams will typically make unannounced visits to observe care processes. Further, both Medicare and state licensing agencies expect to see, at any given point in time, patient records and other documentation such as inspection reports and facility policies and procedures are properly labeled and organized. (This information should be kept after the initial inspection because licensing boards can and will come back.)

4. Leverage technology to maximize revenue, streamline clinical and administrative processes and minimize expenses

Today's ASCs have access to technologies that just a few short years ago weren't even on the radar for most organizations. These technologies, ranging from ASC-specific EHRs to automated procedure documentation and coding solutions, enable a facility to leverage the benefits that come from operating in a paperless environment.

The most significant cost savings in a paperless environment are realized from the elimination of hard and soft costs that are directly related to the management of paper charts within the ASC. These include the elimination of costs related to transcription, paper supplies and on- and off-site storage.

ASC-specific technology solutions also enable streamlined workflows and processes that have a direct impact on the facility's bottom line. These include enhanced revenues through higher patient volume and accelerated revenue cycles due to faster and more accurate billing with fewer returned or rejected claims. Other process benefits include faster and more efficient scheduling, which results in fewer cancellations as well as faster registration and patient histories and, most importantly, faster patient throughput.

5. Use software to improve compliance, benchmarking and quality reporting

With the increasing pressure for ASCs to capture, track and report key quality indicators and outcomes data, ASC planning must also involve evaluating technologies that will aid in meeting current and future reporting mandates. Luckily, the same advanced technologies that maximize revenues and streamline processes can also drive structured and compliant data capture for quality initiatives, benchmarking and other reporting statutes.

Look for menu-driven documentation processes that enable fast, easy capture of compliant data at the point of care, without the need for manual manipulation or intervention. Software should be able to automatically capture discreet data elements for each procedure and upload them

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automatically to a central repository. It should also feature built-in reporting and analytics tools to simplify quality reporting, clinical research and audit preparation with pre-built reports or customized query-writing capabilities that enable every captured data element, including free text, to be queried, exported and submitted in appropriate formats.

ASC-specific EHRs should also deliver features and functionality that aids in tracking and utilization of QI and outcomes data to improve operational and clinical performance. For example, the EHR should be able to generate safety alerts, record safety measures taken and significantly streamline the gathering of data and documentation should a Joint Commission or AAAHC audit occur.

The application should have the capability to address state, facility and association requirements, such as documentation of items like pre-anesthesia assessments, ASA scores, "time-outs," informed consent and estimated blood loss, by allowing them to be pre-built into the EHR workflow and automatically documented as part of an official record. It should also simplify and ensure pathology tracking, patient instructions and repeat procedures, recall and surveillance through a flag or reminder system.

Finally, the EHR should feature comprehensive data tracking capabilities that enable identification of areas for practice improvement, such as scope withdrawal time, adenoma detection rate and rate of cecal intubation.

Tap into expertise

One theme that runs throughout all five of these elements of success is the importance of partnering with the right architects, financial planners, business consultants and technology vendors to ensure that the decisions made at the outset put the ASC on the right path toward long-term success.

The right connections can make or break a young ASC, so choose carefully. Whether you're seeking a consultant to help with all five stages or a technology vendor to help just with identifying and implementing the right solutions, be sure to focus on those with a proven track record within the ASC environment — and conduct your due diligence.

Ask for and call on references. Do on-site visits of current and former clients, and do so with the prospective consultant or vendor when possible. Make sure you understand and are comfortable with the scope of services to be provided, and that the business partner you choose will be available when you need them.

You only get one shot at building a successful ASC. Make sure you connect with the experts who can help you build it right from the outside in.

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