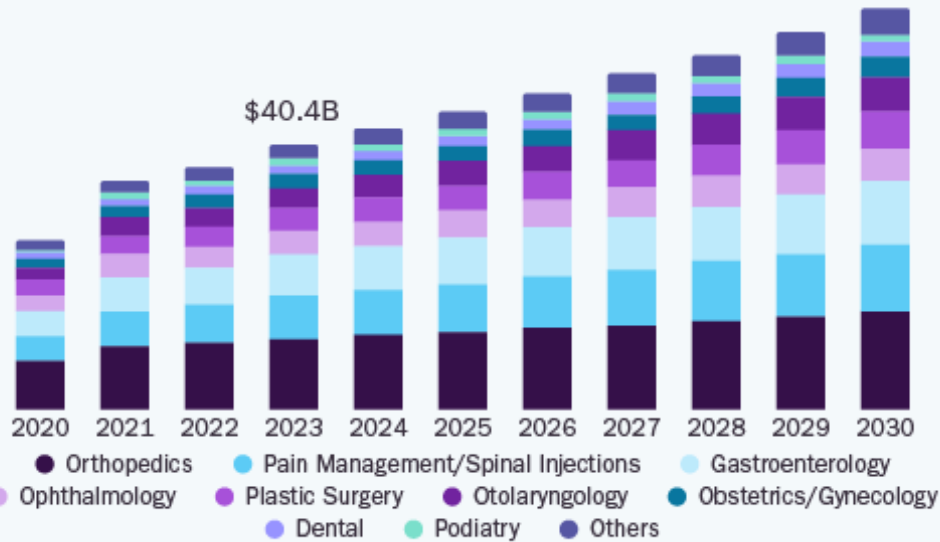# ASC-Optimizing for Success

Presented by: Kenny Ellinger, RN
Vice President, Surgical Services
United Musculoskeletal Partners

ASCs by the Numbers-Growth-Cost-Quality

U.S. Ambulatory Surgery Center Market
Size, by Specialty, 2020 - 2030 (USD Billion)

$40.4B

Legend:
- Orthopedics
- Pain Management/Spinal Injections
- Gastroenterology
- Ophthalmology
- Plastic Surgery
- Otolaryngology
- Obstetrics/Gynecology
- Dental
- Podiatry
- Others

GRAND VIEW RESEARCH

6.0%

U.S. Market CAGR, 2024 - 2030

PROJECTED OUTPATIENT VOLUME FOR PARTIAL AND TOTAL JOINT REPLACEMENTS

2016: 15%
2018: 25%
2020: 32%
2022: 37%
2024: 43%
2026: 51%
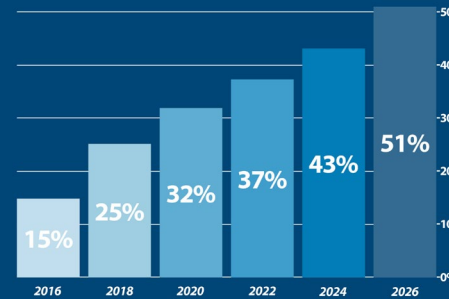
ACCORDING TO THE ADVISORY BOARD, OUTPATIENT TOTAL JOINTS COST "ROUGHLY HALF AS MUCH" AS INPATIENT PROCEDURES
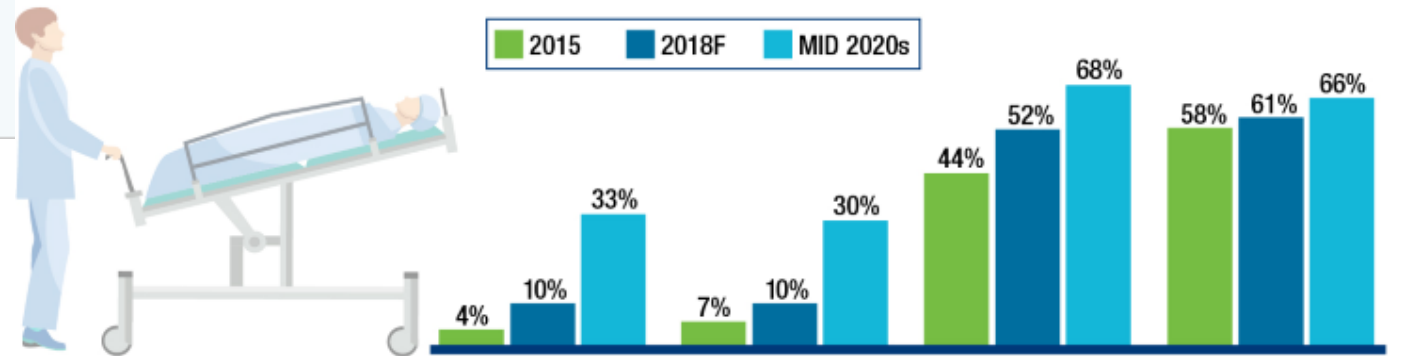
TOTAL KNEE REPLACEMENTS: 50% LOWER

TOTAL HIP REPLACEMENTS: 50% LOWER

Percentage of Procedures Performed in Ambulatory Surgery Centers

Legend: 2015 | 2018F | MID 2020s

	CARDIOLOGY	SPINE	ORTHOPEDICS	OTHER
2015	4%	7%	44%	58%
2018F	10%	10%	52%	61%
MID 2020s	33%	30%	68%	66%

	CARDIOLOGY	SPINE	ORTHOPEDICS	OTHER
GROWTH 2018F THROUGH MID-2020s	23%	20%	16%	5%
GROWTH 2015 THROUGH 2018F	6%	3%	8%	3%

Patients who experienced complications
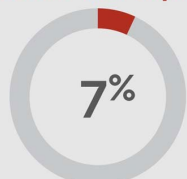
7% — Underwent outpatient reverse total shoulder arthroplasty
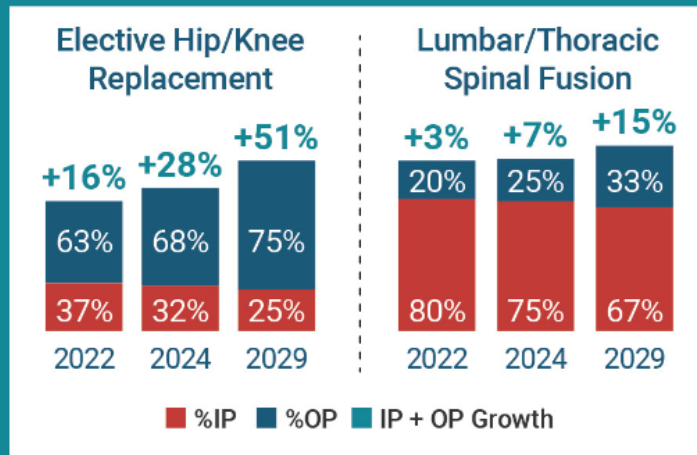
VS

12.7% — Underwent inpatient reverse total shoulder arthroplasty

Source: Erickson BJ, et al. *J Shoulder Elbow Surg.* 2020;doi:10.1016/j.jse.2019.10.023.

Orthopedics today

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ASCs by the Numbers-The Pace of the Shift is Increasing

ORTHOPEDIC AND SPINE SURGERY
Policy Changes, COVID-19 Pandemic, and
Economic Pressures Accelerate HOPD/ASC Shift

-20% Ortho

-14% Spine

Hospital IP Surgery

+34% Ortho (HOPD + ASC)

+33% Spine (HOPD + ASC)

Hospital OP Surgery

ASC

Sg2 10-YEAR GROWTH PROJECTIONS
(v2021, 2019-2029)

Elective Hip/Knee Replacement

	2022	2024	2029
IP + OP Growth	+16%	+28%	+51%
%OP	63%	68%	75%
%IP	37%	32%	25%

Lumbar/Thoracic Spinal Fusion

	2022	2024	2029
IP + OP Growth	+3%	+7%	+15%
%OP	20%	25%	33%
%IP	80%	75%	67%

■ %IP   ■ %OP   ■ IP + OP Growth

HOW
- LOS reduction efforts
- Enhanced recovery elements
- Tech/anesthesia advances
- ASC infrastructure
- Patient selection/monitoring

Note: Analysis excludes 0-17 age group. Ortho surgery includes ortho service line, IP and OP major therapeutic procedures group, and arthroscopy procedures. Elective hip/knee replacement includes Osteoarthritis CARE Family, IP/OP primary hip/knee replacement and OP partial knee replacement. Lumbar fusion includes spine service line and IP/OP lumbar/thoracic spinal fusion procedures.
Source: Vizient/Sg2

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An Optimized ASC Runs Like an Optimized Airline

Think of operating room scheduling like filling an airplane. Once a plane takes off, any empty seats represent lost revenue that can never be recovered. Similarly, when an operating room is underutilized or left empty, the potential revenue from that time is gone forever. Just as airlines strive to maximize seat occupancy, we must ensure that our operating rooms are efficiently scheduled and fully utilized to avoid lost opportunities and maximize our financial performance. Every unused slot in the OR schedule is a missed chance to provide care and generate revenue, which is critical to the sustainability of your practice

Quality and Safety

- High Accountability Organizations
  - High Stakes Environment
  - Teamwork and Communication is Vital
  - Standardization and Protocols to Avoid errors

Efficiency

- Room turnovers-Stay on Schedule
- Preoperative paperwork is complete and accurate. Auths, consent, orders, H/P, implant and equipment requests
- Accurate scheduling times

Profitability

- Manage operating costs on drugs, supplies, implants, and staff costs. Adjust for demand.
- Frequent review of case margins by payer, procedure, and provider
- Block Utilization Reviews

Customer Experience

- Trust in the care they receive
- Environment of care
- The clinic and ASC feel like one brand

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What Your Doctor Cares About at the ASC

A. Quality
- Patient outcomes: How the ASC's practices contribute to improved surgical results.
- Adherence to clinical guidelines: Ensuring that the latest evidence-based practices are followed.
- Infection control and safety: Importance of maintaining rigorous standards to prevent complications.

B. Efficiency
- Turnover times: Strategies for reducing delays between cases without compromising quality.
- Streamlining processes: Implementing Lean methodologies to eliminate waste and optimize workflow.
- Quality and efficient anesthesia providers: Anesthesia can make or break an ASC. Safe and efficient anesthesia providers that integrate with the surgical team are extremely important.
- Scheduling: Ensuring OR time is maximized and resources are utilized effectively. Ease of scheduling by your staff is imperative.

C. Financial Performance
- Cost management: Balancing cost containment with quality care.
- Revenue cycle management: Ensuring that billing and collections processes are efficient.
- Profitability: Rate of return on investment and a strategy for growth.

What You Should Expect From the ASC-Table Stakes

- **Patient-Centered Care:** Personalized care plans, clear communication, and comprehensive follow-up, ensuring the best possible patient outcomes.

- **High Patient Satisfaction:** Consistently positive feedback from patients, reflecting quality care, efficient processes, and a comfortable environment.

- **Efficient Operations:** Smooth and timely scheduling, minimal delays, and effective use of resources, leading to high throughput and low downtime.

- **Strong Financial Performance:** Robust revenue generation with efficient cost management, resulting in profitability and financial sustainability.

- **Low Complication and Infection Rates:** High standards of care ensuring patient safety, with minimal postoperative complications and infections.

- **Strategic Planning Support:** Provides a solid foundation for long-term strategic planning, including expansion, new service lines, or technology investments.

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What You Should Expect From ASC-Table Stakes

- **Compliance and Accreditation:** Adherence to regulatory standards and maintaining accreditations, ensuring quality and safety.

- **Well-Trained and Motivated Staff:** A skilled, motivated, and stable workforce, with low turnover rates and high levels of engagement.

- **Cutting-Edge Technology:** Utilization of the latest technology and equipment to enhance surgical precision, patient outcomes, and operational efficiency.

- **Data-Driven Decision Making:** Use of data analytics and KPIs to continually monitor performance, make informed decisions, and drive continuous improvement.

- **Effective Revenue Cycle Management:** Efficient billing processes, timely collections, and minimal days in accounts receivable, ensuring steady cash flow.

- **Clear Financial Visibility:** Detailed insights into the ASC's financial health, including revenue, expenses, and profitability.

Common Pain Points at the ASC Emanating from the Practice

1. Inefficient Communication

•**Lack of Real-Time Updates**: Critical information such as last-minute scheduling changes, patient status updates, or equipment needs can be missed. This can lead to delays, cancellations, or even surgical complications.

•**Misalignment of Expectations**: Differences in expectations regarding scheduling protocols, turnaround times, and case priorities can create friction. If the practice expects more flexibility than the ASC can provide, it can lead to dissatisfaction on both sides.

2. Inconsistent or Incomplete Information

•**Missing or Inaccurate Patient Data**: This can include missing medical histories, incomplete pre-op assessments, or incorrect insurance details, which can delay surgeries or lead to billing issues.

•**Inadequate Surgical Preparation Details**: If the practice does not provide detailed information about the specific needs of a surgery—such as required implants, special equipment, or patient-specific considerations—the ASC may be unprepared, leading to delays or complications during the procedure.

Common Pain Points at the ASC Emanating from the Practice

3. Scheduling Conflicts
•**Overlapping or Last-Minute Scheduling**: ASCs frequently encounter scheduling challenges when the orthopedic practice books surgeries at the last minute or overlaps schedules with other cases. This can lead to resource strain, increased patient wait times, and inefficient use of operating rooms.
•**Surgeon Availability Issues**: If the practice has limited surgeon availability or changes schedules frequently, it can disrupt the ASC's ability to plan its operations effectively, leading to underutilized or overbooked ORs. Communicate physician time off as early as possible.

4. Resource Management, Turnover Times, Inaccurate Case Times
•**Unrealistic Expectations for Turnover and Case Times**: Practices sometimes expect very short turnover times between surgeries, which can strain ASC resources. If the ASC cannot meet these expectations due to the need for thorough cleaning and preparation, it can lead to frustration and delays. Scheduling cases too short or too long impacts planning for anesthesia and the surgical time. It can also impact patient satisfaction.

Common Pain Points at the ASC Emanating from the Practice

6. Patient Preparation and Compliance

•**Inadequate Patient Preparation**: If the orthopedic practice does not ensure that patients are adequately prepared for surgery (e.g., following pre-op instructions, fasting, completing necessary tests), it can lead to delays, cancellations, or complications. This also puts pressure on the ASC to manage these issues on the day of surgery.

•**Non-Compliance with Protocols**: When patients are not properly informed by the practice about protocols and expectations, it can lead to non-compliance with important pre- or post-operative instructions, which can impact surgical outcomes and patient satisfaction.

7. Operational and Workflow Disruptions

•**Disorganized Workflow**: If there is a lack of coordination in how surgeries are planned and executed between the practice and the ASC, it can lead to workflow disruptions. This includes issues like having multiple surgeons needing the same OR simultaneously or not having the necessary equipment ready due to poor planning.

•**Lack of Standardization**: Differences in how the practice and ASC approach surgical protocols, documentation, and patient management can create inefficiencies. Standardizing processes can be challenging but is essential for smooth operations.

Three Things You Can Do Right Now to Optimize Your ASC

GET ENGAGED

Set up monthly operation reviews with ASC leadership

-Review KPIs (in Appendix), address pain points, and be an advocate for your physicians

ADDRESS LEAKAGE

Move appropriate cases to ASC whenever possible

-Work with the ASC to identify service and equipment barriers that impact utilization

CASE MARGINS

Review margin by procedure, payer, and provider

-Report findings to your physicians and look for opportunities to improve margins

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Right Case/Right Place/Right Implant/Right Staff
Case Margin Data Reviews

Surgery is scheduled in the most appropriate location for the patient and payor using cost-conscious implants, and staff to complete the cases in the safest, most efficient, and cost-effective manner

Analyze Margins by provider, payer, and procedure

Block Utilization

Address Leakage Where Appropriate

Surgical Volume and Revenue Growth

Need for Midlevel Provider Considered
(Right Staff)

Scheduling Matrix
(Right Place)

Physician Scorecard
(Right Implant and Supplies)
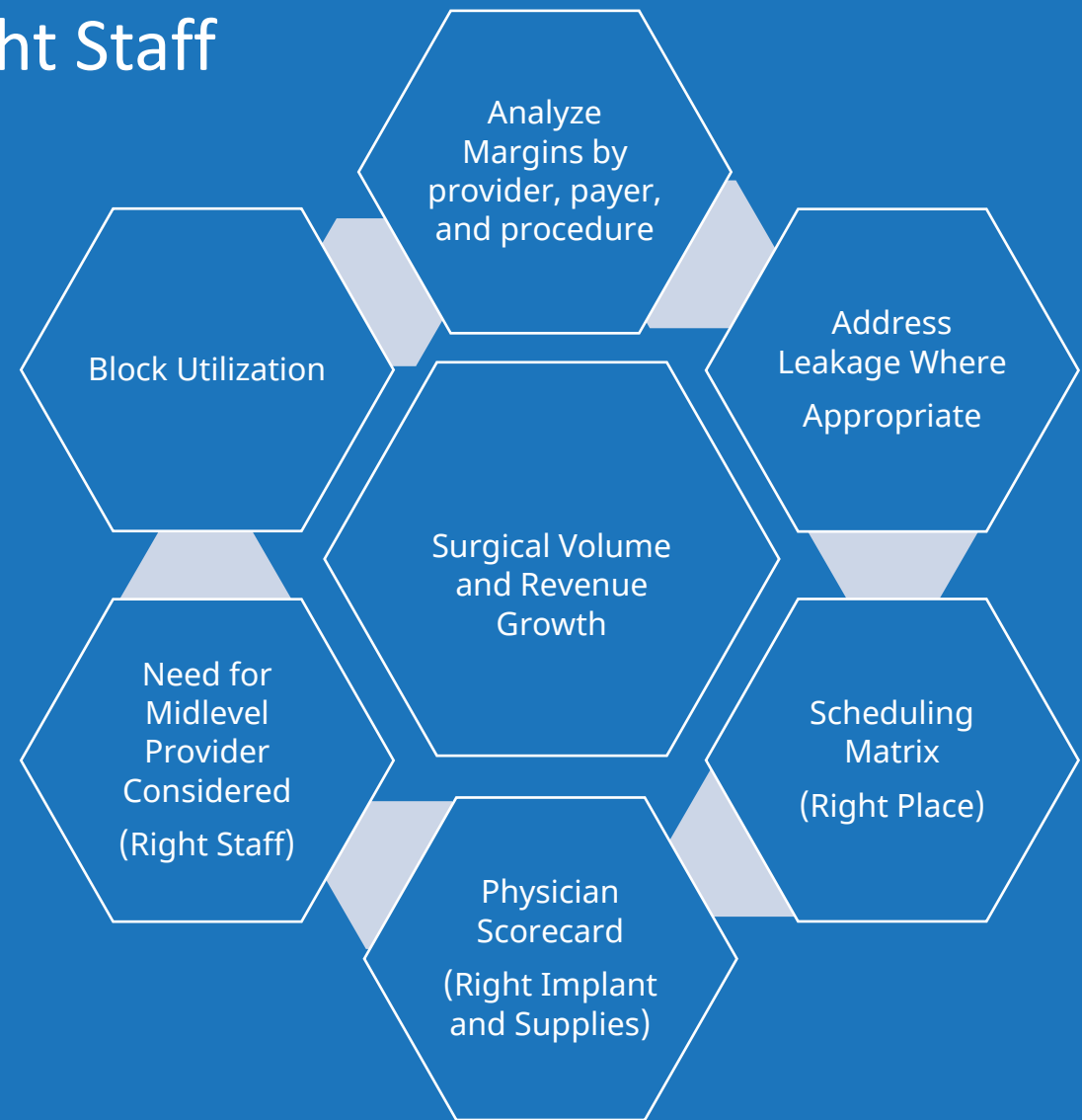
Case Margin Data Review-Right Case, Place, and Implant

Cost Comparison by Physician

● Avg Collections ● Avg Margin ● Avg Total Cost ● Avg Implant C... ● Avg Supply C... ● Avg Salary C... ● Avg Other C... ● Avg OR Ti... ● Case Volu...
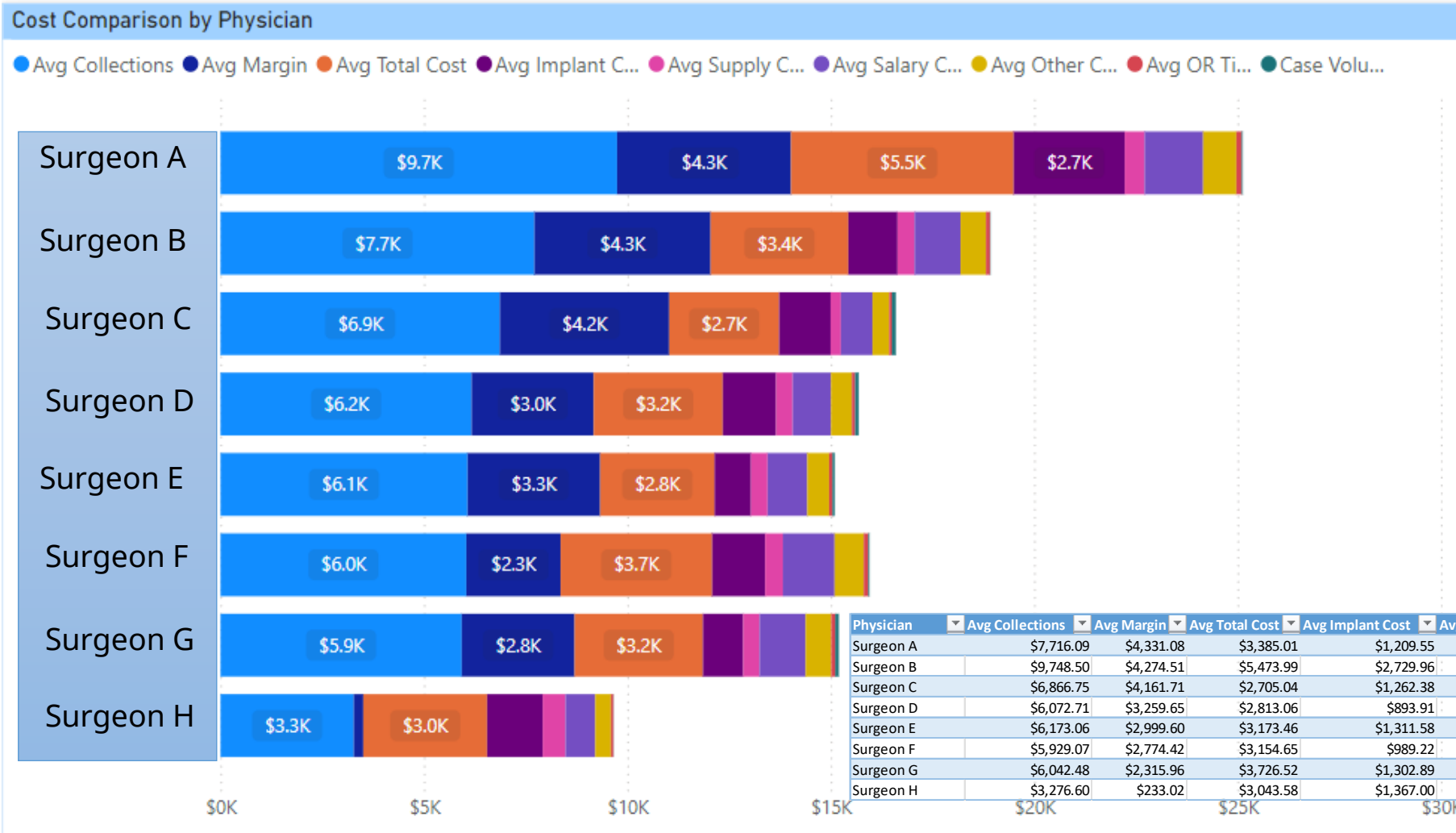
CPT 29827
Rotator Cuff Repair
Amongst 8 surgeons

Review revealed payer mix, implant selection, and coding were drivers

Bringing bottom performers up added $100k EBITDA on this procedure alone

Physician	Avg Collections	Avg Margin	Avg Total Cost	Avg Implant Cost	Avg Supply Cost	Avg Salary Cost	Avg Other Cost	Avg OR Time	Case Vo
Surgeon A	$7,716.09	$4,331.08	$3,385.01	$1,209.55	$419.64	$1,129.27	$626.56	99.45454545	11
Surgeon B	$9,748.50	$4,274.51	$5,473.99	$2,729.96	$488.33	$1,440.11	$815.59	129.4583333	24
Surgeon C	$6,866.75	$4,161.71	$2,705.04	$1,262.38	$253.21	$777.07	$412.39	65.45833333	96
Surgeon D	$6,072.71	$3,259.65	$2,813.06	$893.91	$409.58	$976.13	$533.44	84.67272727	55
Surgeon E	$6,173.06	$2,999.60	$3,173.46	$1,311.58	$406.75	$942.27	$512.85	81.4047619	84
Surgeon F	$5,929.07	$2,774.42	$3,154.65	$989.22	$402.84	$1,133.47	$629.12	99.86046512	86
Surgeon G	$6,042.48	$2,315.96	$3,726.52	$1,302.89	$435.96	$1,273.44	$714.23	113.3703704	27
Surgeon H	$3,276.60	$233.02	$3,043.58	$1,367.00	$561.40	$730.88	$384.30	61	5

Key Strategies in the Practice Administrator ASC Playbook

Ensure your joint ventures and management arrangements are partnered for growth and have a reputation for high-quality care

Engage in the monthly operational reviews at the ASC. Review financial statements and report to your partners

Be an advocate for your physicians and liaison for your staff

Stay ahead of payer pressure by highlighting the value of your ASC on cost and quality. Capture and report key metrics

Develop robust review processes within the practice for adding new service lines and technology in the ASC

If you are considering a new facility or expansion project, don't overbuild. Perform frequent block time utilization reviews and thoughtfully consider any expansion or denovo projects

Ensure your ASC is run in a manner that it can be a recruitment tool and create stickiness for practice physicians

Work with your ASC to create a seamless patient experience between the practice and ASC

Use data to drive financial performance and find opportunities for improvement

Use technology to automate processes or improve communication with patients and the ASC wherever possible

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Appendix

ASC KPIs
What Matters to the Stakeholders

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Overview of Ambulatory Surgery Center KPIs

Case Volume: The total number of surgical cases performed within a specific period. This is a critical indicator of the ASC's overall activity level and capacity utilization. **Target/Goal: 3-5% annual increase**

First Case On-Time Starts: The percentage of first surgeries that start on time. This KPI measures scheduling efficiency and impacts the overall flow of the day's operations. **Target/Goal**: **90% or higher**

Turnover Time: The average time it takes to clean and prepare the operating room between cases. Efficient turnover time helps maximize the number of cases that can be performed each day. **Target/Goal**: **Low acuity cases 10 mins/High Acuity Cases 20 mins**

Patient Satisfaction/NPS Scores: Scores derived from patient feedback on their experience at the ASC. High patient satisfaction is crucial for maintaining a positive reputation and ensuring patient loyalty. **Target/Goal**: **94% or higher.**

Complication Rate: The percentage of surgeries that result in complications. Monitoring this KPI helps maintain high standards of patient safety and care quality. **Target/Goal**: **Less than 1%**

Infection Rate: The percentage of surgeries that result in infections. This KPI is vital for tracking the quality of sterile procedures and overall patient safety. **Target/Goal: Less than 0.5%**

Staff Utilization/Worked Hours per Case: A measure of how effectively staff members are being used relative to the number of cases. High staff utilization ensures operational efficiency and cost-effectiveness. **Goal: Highly Variable**

Revenue per Case: The average revenue generated from each surgical case. This financial KPI helps assess the profitability of procedures performed at the ASC. **Goal: Highly Variable**

Overview of Ambulatory Surgery Center KPIs

Supply Cost per Case: The average cost of supplies used for each surgery. Monitoring this KPI helps in managing costs and improving profit margins

Operating Room (OR) Utilization Rate: The percentage of time that operating rooms are in use compared to available time. High utilization indicates efficient use of resources and capacity. **Goal: 80%**

Cancellations and No-Show Rate: The percentage of scheduled surgeries that are canceled or where patients fail to show up. This KPI helps in understanding scheduling effectiveness and potential revenue loss. **Goal: 5%**

Employee Satisfaction: Employee feedback on their work environment and job satisfaction. High employee satisfaction is linked to better performance and lower staff turnover. **Goal: 80%**

Days in Accounts Receivable (AR): The average number of days it takes to collect payment after a service is provided. Lower AR days indicate efficient billing and collections processes. **Goal: 30 Days**

What Matters to the Stakeholders? Quality, Efficiency, Cost, and Communication

Physicians

Patients

The Clinic

The ASC

Quality of Care and Clinical Outcomes

- Efficiency
- Ease of Scheduling
- Resource Availability
- Staff and facility preparedness
- Financial Performance
- Communication and coordination with the office
- Autonomy
- Strong anesthesia support

- Cost and transparency
- Preoperative Communication
- Education on Procedure
- Convenience and Accessibility
- Comfort and Environment
- Pain Control and compassionate care
- Efficient processes

- Efficient processes
- Ease of scheduling
- Knowledgeable staff
- Seamless coordination and responsiveness
- Insurance compatibility
- Positive patient experience
- Adaptability/Flexibility
- Open line of communication

- Clear and timely communication
- Efficient and accurate scheduling information
- Patient readiness
- Coordination of care
- Timely and accurate documentation
- Surgeon availability
- Block Utilization
- Payer Mix

......and The Payers