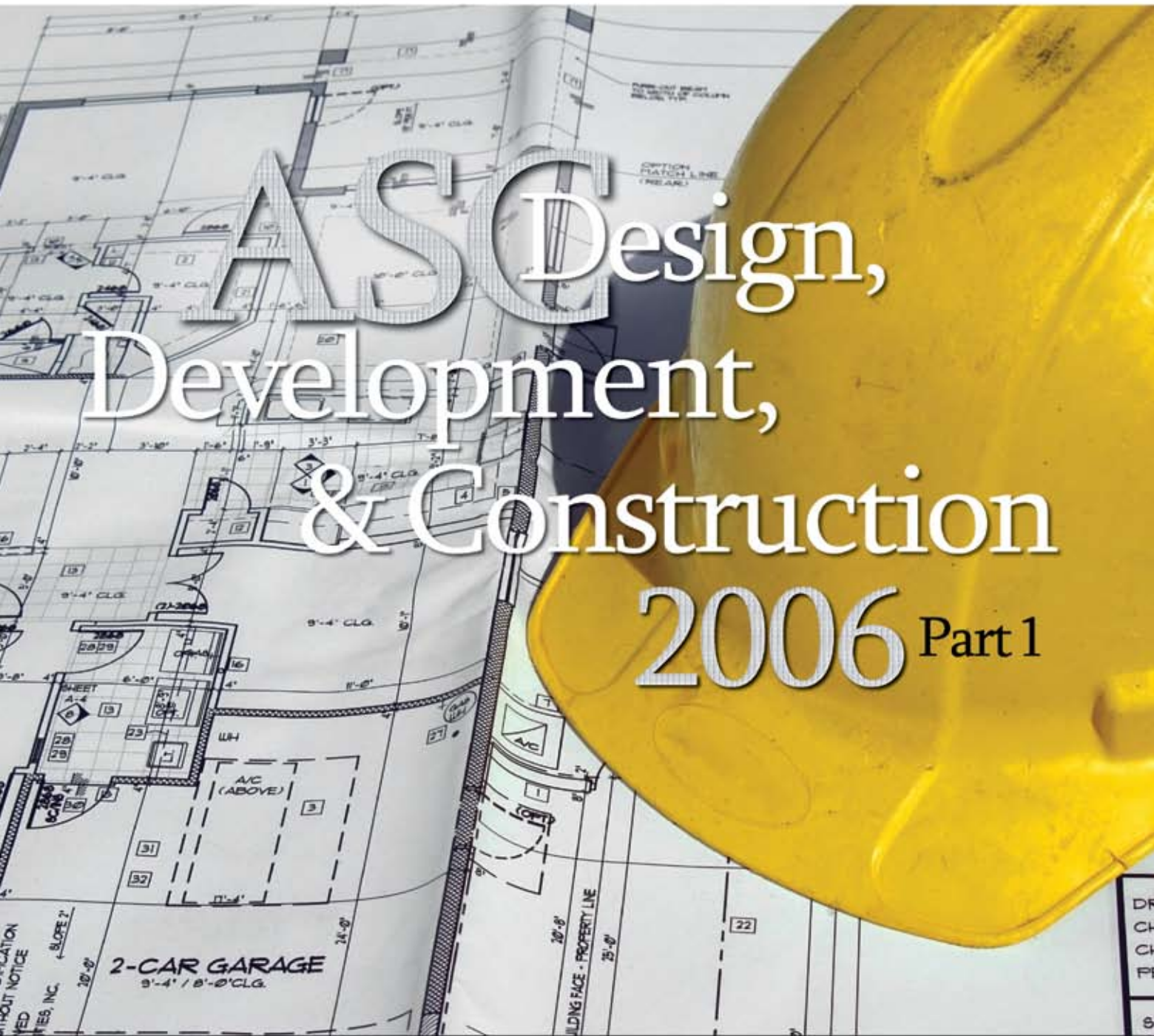


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BUSINESS AND CLINICAL SOLUTIONS FOR THE ASC

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ASC Design, Development, & Construction 2006 Part 1

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The ABC's of an ASC Start-Up Project By Jennifer Schraag

Industry experts offer an A-to-Z checklist of the top considerations for launching an ASC venture.

A – Analysis:

Start with an analysis of what does and doesn't work well with your current arrangements so that you develop a unique and better surgical setting instead of just another one. – *Justine B. Corday, chief development officer of Physicians Health Resources (PHR)*

B – Business plan:

Without referrals a business plan is moot, but a blueprint for realistically capturing and ensuring their continuity can help you to meet reasonable targets. – *Justine B. Corday, PHR*

C – Certification:

Certification, like licensure, is something you begin preparing for when you begin to design your floor plan, not after you get a certificate of occupancy. – *Justine B. Corday, PHR*

Capitalization:

Undercapitalizing a project is a near certain death experience; No project I have ever done was lost due to overcapitalizing it. – *Keith A. Bolton, president of Specialty Surgery Centers of America Inc.*

CLIA status:

The center needs to determine which CLIA (clinical laboratory improvement amendments) status they will request based on lab work to be performed onsite. – *Sandra Sommerman, PA, Continuum Healthcare Consultants Inc.*

D – Design:

Design – of both your organization and facility – drives the efficiency, functionality, quality, and appeal of your service. – *Justine B. Corday, PHR*

E – Efficiency:

Volume alone cannot assure success, but in combination with the efficiency of service-driven management, it will increase your profitability.

— *Justine B. Corday, PHR*

Equipment:

Getting the medical staff to standardize equipment, supplies, and technology is essential to minimizing capital costs in the beginning and setting a tone for collaboration in the future. – *Keith A. Bolton, Specialty Surgery Centers of America*

Emergency management plan:

The emergency management plan must be completed prior to opening and must include policies, maps, and employee training to ensure a state of readiness. – *Gayle Evans, Continuum Healthcare Consultants Inc.*

F – Feasibility:

More than a pro forma of your most hopeful visions, a feasibility study contemplates all the things that could go right or wrong, and the consequences if they did, so it should have multiple scenarios. – *Justine B. Corday, PHR*

Financing:

Most centers secure financing for the project and a line of working credit for operations upon opening. – *Gayle Evans, Continuum Healthcare Consultants Inc.*

G – Guidance:

Guidance from a source who can listen to your vision and has the experience to implement your entire project will help assure that pieces of the project are delivered as a timely solution. – *Justine B. Corday, PHR*

H – Health regulatory laws:

Health regulatory laws form the basis for organizational structures that can allow you to achieve appropriate, attractive returns. – *Justine B. Corday, PHR*

I – Interest:

Cultivating involved investor interest throughout development is essential to post-opening performance, and executing your project business plan timely prevents your lender's interest rates from cannibalizing your working capital. – *Justine B. Corday, PHR*

Infection control:

Staff training must include infection control protocols including the definition of surgical site infection. – *Gayle Evans, Continuum Healthcare Consultants*

J – Joint venture:

Embark on a joint venture not as a structure or a way to mitigate competition, but as a way to blend complimentary strengths toward better results. – *Justine B. Corday, PHR*

K – Knowledge of the industry:

Knowledge of the industry is an acquired skill, so add a mentor to your project team who will augment your governance skills. – *Justine B. Corday, PHR*

L – Licensure:

Licensure is your ticket to begin operations, so prepare to earn it from project onset, avoiding the mistake of equating it with acquiring policy manuals. – *Justine B. Corday, PHR*

Leadership:

Is a "bell cow" physician available to lead the rest of the physicians to the desired conclusions? – *Keith A. Bolton, Specialty Surgery Centers of America*

Leasing/cost per procedure:

The ASC should determine if leasing equipment or utilizing a cost per procedure program is appropriate for their center to acquire their capital equipment. – *Gayle Evans, Continuum Healthcare Consultants Inc.*

M – Money:

Every project needs five types of money before getting underway: sources for equity, construction financing, permanent financing, equipment purchases, and working capital. – *Justine B. Corday, PHR*

Managed care contracts:

Which managed care contracts are imperative to building caseload in the early stages of the game and which contracts, if you do not have them, will force surgeons to take most of their business elsewhere – such as the hospital? – *Keith A. Bolton, Specialty Surgery Centers of America*

Materials management:

Just-in-time inventory is important for start up materials management. – *Gayle Evans, Continuum Healthcare Consultant Inc.*

N – Need:

Operating rooms have vast capacity, so ultimately meeting a need is more a challenge of developing competitive strengths than adding scarce resources. – *Justine B. Corday, PHR*

O – Ownership:

Time and again ownership participation has succeeded when there's both equity and true stakeholder involvement. – *Justine B. Corday, PHR*

Out-of-network billing:

Understand the value of out-of-network billing in your area before you open your doors. – *Gayle Evans, Continuum Healthcare Consultants Inc.*

P – Partnering physicians:

Physicians are accustomed to succeeding largely through their individual professional competence, so a venture succeeds when partnering physicians come to work together and with other project parties as a company. – *Justine B. Corday, PHR*

Personnel:

Personnel is the glue that makes it all work out successfully. – *Bill MacKnight, managing partner of Physicians Health Resources*

Policies and procedures:

Policies and procedures are the framework of all ASC functions and processes. – *Gayle Evans, Continuum Healthcare Consultants Inc.*

Q – Quality:

Quality too often is assessed as a series of processes or forms that get done for accreditation, rather than as an integral part of everyday service to ensure good outcomes. – *Justine B. Corday, PHR*

ASC quality programs should include: peer review, quality management, and risk management. – *Gayle Evans, Continuum Healthcare Consultants*

R – Reimbursement:

Your project may be feasible if reimbursement for your services is available, but it will not be viable unless it covers costs and you capture it timely with clean, collected claims and effective self-pay practices. – *Justine B. Corday, PHR*

Regulatory requirements:

Regulatory requirements include not only the requirements for licensure, but physical requirements including life safety, ADA requirements, and Medicare regulations. – *Sandra Sommerman, Continuum Healthcare Consultants Inc.*

S – Scheduling:

What will the initial schedule look like each week given all of the partners and their scheduling needs? – *Keith A. Bolton, Specialty Surgery Centers of America*

Standardization:

Standardization of equipment and supplies is essential to minimizing capital costs in the beginning and setting a tone for collaboration in the future. – *Keith A. Bolton, Specialty Surgery Centers of America*

T – Technology:

Technology has made cost-effective surgery center models possible, and service is what makes the setting sustainable. – *Justine B. Corday, PHR*

Assessment of future technology needs should include an ASC software to manage the center as well as provide the capability of electronic medical records. – *Gayle Evans, Continuum Healthcare Consultants*

Timelines:

Timelines are critical to total project cost and successful implementation. – *Bill MacKnight, PHR*

Top Down:

Take a top down approach to ASC feasibility studies based on standard income statement formats. Top is revenue or reimbursement, whatever level you feel comfortable determining your estimated reimbursement recognize one more analysis to test your assumptions is wise. From there work down the income statement expenses, next in line is cost of services which will be clinical staffing and medical supplies. Assessing these three will often tell the most about your center's prospects. – *William G. Southwick, president and chief executive officer of HealthMark Partners LLC*

U – Underutilization:

Underutilization has been the death knell of many otherwise well-planned projects. – *Bill MacKnight, PHR*

V – Valuation:

A valuation can be a tool to buy low and sell high, but the share price it generates almost always comes down to quality of results which have been painstakingly achieved through sound planning and execution. – *Justine B. Corday, PHR*

Volume:

What realistically are the volumes you expect by physician by specialty by month and what happens if only 50 percent of the volumes are actually achieved? – *Keith A. Bolton, Specialty Surgery Centers of America*

W – Working relationships:

Every surgery center has three constituencies – patients, physician referrers, and facility team members – success depends on establishing and maintaining working relationships with all of them. – *Justine B. Corday, PHR*

Working capital:

Working capital is critical to cover cash shortfalls during start up. – *Bill MacKnight, PHR*

X – X-ray or other diagnostic equipment:

Consider acquiring X-ray or other diagnostic equipment when it's essential for other services and perhaps also complimentary to them, but not solely in hopes of diversifying capabilities. – *Justine B. Corday, PHR*

Y – Yield:

To maximize yield from a surgery center investment, pair a functional, attractive facility, a motivated team, and effective management and governance with continuing efforts to lobby for fair surgery center reimbursement.

— *Justine B. Corday, PHR*

Z – Zeal:

Just as the road to health is paved with good preventions, effective surgery center Boards look ahead with zeal to fostering fiscal well-being, minimizing the chance they'll be forced to rise to the challenge of a devastating turnaround. – *Justine B. Corday, PHR*

The amount of zeal needed at the end is 10-fold compared to the zeal required to start the project. – *Gayle Evans, Continuum Healthcare Consultants Inc.* □