

Ambulatory Surgery Whitepaper



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Evolving Your Ambulatory Surgery Center Business

Outpatient surgery leaders and practitioners reveal new insights about the ASC market as they focus on challenges post-pandemic.

Introduction

The ambulatory surgery community continues its journey of evolution post-pandemic, as challenges were heightened by the turbulent COVID-19 years which had an impact on health systems and healthcare globally. Even before the pandemic health crisis, however, ASCs demonstrated strength in the market and experienced steady growth as surgical procedures migrated to these same-day facilities. That trend will only accelerate as the market evolves; however, new challenges have arisen that revolve around critical staffing needs and the rising cost of doing business. A peer survey titled “Evolving Your Ambulatory Surgery Center Business,” was fielded in late 2022 to provide clear indicators of attitudes and activity in the ambulatory surgery market for 2023 and the future.

ASCs demonstrated strength in the market...

Ambulatory surgery facility leaders in both multi-specialty and single-specialty settings are keeping a sharp eye on the fluctuating economy and macroeconomic trends as this climate affects their business decisions, particularly in 2023 and in the following 48 months. As more surgical cases continue to migrate to the ambulatory setting and the market evolves, outpatient leaders are facing these new challenges during an uncertain economic global outlook.

Some of the top challenges for business growth in today’s economic environment that were revealed by the survey respondents show some concerns, even as growth is still top of mind for those looking to expand in this climate. Is this the time to expand professional services or the physical footprint of their ambulatory centers to grow their businesses? What areas of concern need more in-depth analyses before making any decisions to make changes to their businesses? This survey took a closer look at what was driving concerns regarding the evolution of business across a variety of surgical specialties.

Focus on business challenges

The top challenges for business growth as revealed by the survey respondents mirror the themes and answers indicated throughout the survey. Costs and staffing are the two main factors that loom large in 2023, even more so than the previous year. In fact, while these two factors have always been a concern during the past few decades as ambulatory facilities launched and thrived throughout the nation, the survey responses consistently reflect that close attention is being paid by at least 45% of the survey respondents. Recruiting and maintaining an efficient staff has always been a goal for any healthcare organization, but it is now top of mind. Additionally, costs have always played a part in building a successful organization but this key factor, too, has moved to the forefront of business challenges in the ASC.

The survey responses indicate that there is a real concern in these areas for the coming year as leaders contemplate what changes they will make and where their focus will lie. Responses to the question, “What are the biggest business changes planned for the coming year at your facility?” reveal some key indicators of focus and attitudes going forward. Again, costs and staffing are reflected in the top four responses that demonstrate where leaders look to expand their services despite these challenges. Two responses – new staff and training and education – go hand-in-hand in creating a smoothly running facility, so these two anticipated changes make sense for a company to move forward. Focusing on capital equipment and updating current equipment will anchor the functionality of the center, so the costs and steps needed to accomplish these are not surprising for 2023.

The top expected change anticipated by the survey respondents is “new staff coming on board.” Training also was indicated to be an active priority in 2023. Equally on the radar is purchasing new equipment or upgrading existing equipment – and that means more direct interaction with vendors after years away. With that comes the necessary education and training to learn about the upgrades and streamline the workflow in the ORs. The survey respondents also indicated that the biggest change they anticipate for 2023 will be the expansion of surgical services offered with about one-third planning on making that move.

Costs and staffing are the two main factors that loom large in 2023...

Here are the responses:

Business Changes Planned

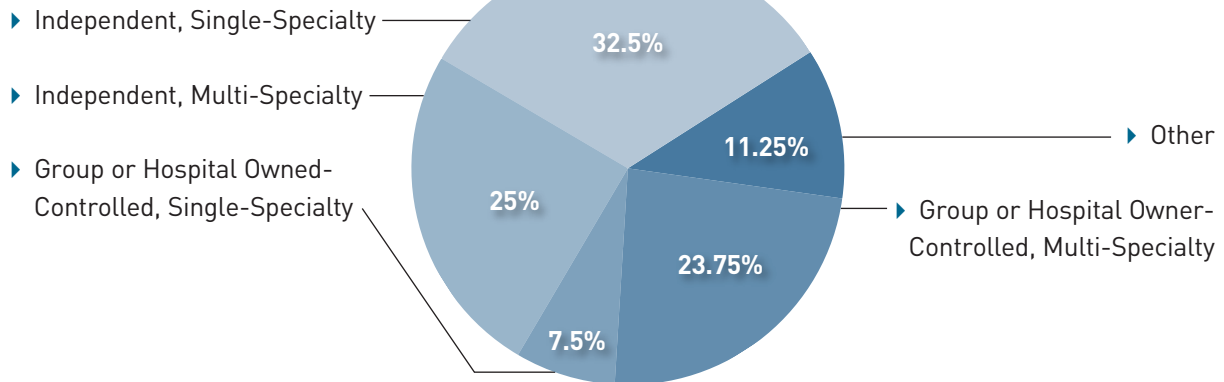
New staff coming on board	55%
Staff training/education	43.75%
Capital equipment purchase	43.75%
Updating current equipment/instrumentation	43.75%
Expansion of surgical services offered	32.5%
Looking into financial partnerships	8.75%
Change in ownership	7.5%

Survey respondent profiles

The survey set out to capture the current attitudes of outpatient surgery professionals in all different types of settings. With input from single-specialty, multi-specialty and different ownership models, the goal was to ascertain immediate plans and strategies, define the challenges that would impede growth, and learn how each of these groups saw their future evolving.

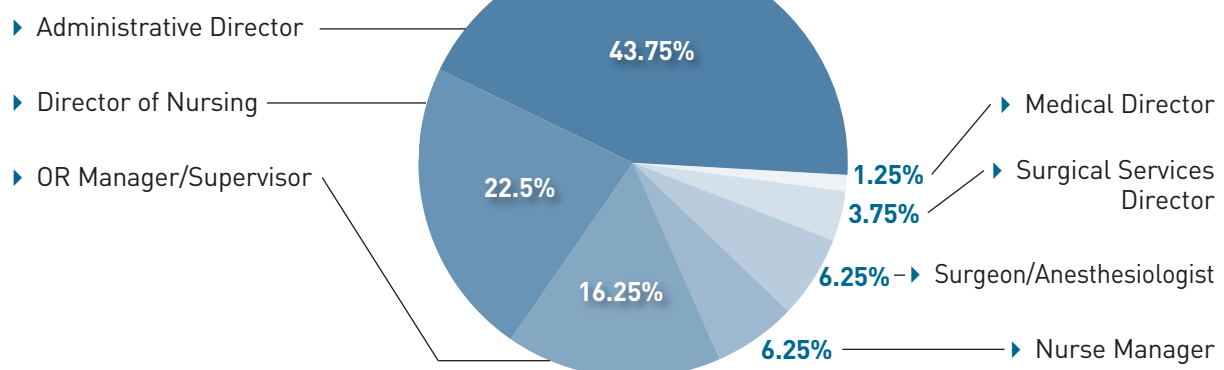
Respondents to the survey indicated where they worked within the following breakdowns, which revealed that 40% are involved with single specialties and 49% are working in the multi-specialty segment. Some also partnered with joint ventures with independent and hospital practices in the “Other” category.

Survey Profiles



With a goal of getting intelligence from the decision-makers in outpatient facilities of all sizes, the survey identified respondents from leadership positions with the following titles:

Professional Titles



The types of specialties that the survey respondents currently practice included a wide variety of specialties, with Orthopedics revealed as the top specialty (52.5%), followed by Ophthalmology (51.25%), General Surgery (37.5%), ENT (35%), Gastroenterology (32.5%), Neuro/Spine (16.25%) and Cardiology (7.5%). Another 52.5% of the survey respondents indicate that their practices encompassed other specialties, which included Pain Management (32%), Plastic Surgery (47.6%), Urology (40.5%), Podiatry (28.5%) and Hand Surgery (4.7%). Others also included Vascular and Pediatric Dental surgeries in their practices.

The largest volume of cases performed at the facilities where survey respondents worked fell into three main categories. These included Orthopedics (37.5%), Ophthalmology (30%) and Gastroenterology (23.75%), with smaller volumes for ENT (8.75%) and Cardiology (1.25%). Other case volumes occurred in Plastic Surgery (31%), Pain Management (20%) and Gynecology (10.5%), with a smaller amount occurring in Vascular Surgery (6.8%).

When asked if they expect “more” or “less” surgical volume in 2023, an overwhelming majority of the respondents expect more activity this year (67.5%), with only a limited group expecting to see less activity (1.25%). In fact, 25% of the survey respondents anticipated a similar volume to 2022 – indicating a steady return to business. Very few (1.25%) thought they would see levels equal to the middle of the pandemic in 2021. A small number predicted levels to go back to the pre-pandemic levels (2.5%), and some indicated that they could not say at this time and “did not know” (2.5%). Overall, the growth in volume shows a healthy rise in cases and business for the outpatient market in general.

Diversifying specialties for growth

As these single and multi-specialty ambulatory facilities plan for the future, survey respondents were asked where specifically they intended to expand in 2023 – and what procedures would be added or expanded in the coming 12 months and years. With economic indicators showing turbulence ahead, it’s important to understand how the outpatient community is responding and finetuning their growth strategies.

When asked the question, “Do you have plans to diversify your specialties in the next 12 months?” the majority of the survey respondents answered “No” (61.25%). That can indicate either they are satisfied with their current business mix or do not want to make any investments during the next 12 months. Importantly, in a similar survey (**ASC Leaders Share Their Outlook for 2022 and Key Challenges for the Future | Outpatient Surgery Magazine (aorn.org)**) in 2021, more than 40% of the respondents stated that they did not intend to expand in 2022 or were not sure at that time. This may indicate that their plans were not fully developed to put steps in motion for the coming year to accommodate any new procedures. Compared to 2022, however, we see a more than 20% increase in reluctance to add specialties in the coming year.

However, a total of 23.75% still answered “Not Sure” and 15% answered “Yes” they do plan on diversifying, so there is still some indication for movement in that direction for 2023. With almost 40% of the respondents considering some growth, or definitely planning on some activity in the next 12 months, this response indicates a certain level of commitment to growth – despite general macroeconomic conditions and current fiscal challenges that are being experienced throughout healthcare today.

Where are these areas of growth for 2023? For those respondents who are planning or contemplating adding specific specialties or procedures to their facility’s business, the top specialties that are signaling some growth include Neurosurgery/Spine (18.75%), followed by Orthopedics (10%), Ophthalmology (10%), General Surgery (7.5%), ENT (5%), Cardiology (5%) and Gastroenterology (1.25%). In a survey conducted with the same question

in late 2021, Orthopedics was the leading specialty (19%) for those willing to commit. This was followed by Neurosurgery/Spine (13.6%) and the continued growth in Ophthalmology (13.6%), Gastroenterology (6%), ENT (5.5%) and Cardiology (5%). The specialty that is growing at the highest rate year on year is Neurosurgery/Spine, which had already seen growth in 2021.

Additionally, for 2023, with 59% of those looking for different specialties to add to their procedural offerings other than these seven specialties, the top areas of growth are Gynecology/Urology (30%), Pain Management (23%) and Plastic Surgery (23%). One respondent indicated that the facility would be “adding 2 new ORs and overnight stay rooms” to grow the practice and accommodate patients, while another said the facility was “out of block time,” which curtailed any growth.

When asked “Looking forward, what specialties/procedures do you plan on adding in the next 2 to 3 years?” the survey revealed consistency in preferences. In fact, the forecast for the next two to three years looks similar to plans for growth in the next 12 months as respondents shared the specialties that they plan to grow.

The same top three specialties show up with Neurosurgery/Spine still demonstrating a consistent pattern of growth (18.5%), Orthopedics showing slightly higher growth than in the 2023 plans (15%), and Ophthalmology showing a slight uptick (11.25%) as well in the forecast. The only other area that appears to be a focus for some is Plastic Surgery for a few facilities, while other respondents indicated that they would “grow current service lines.”

Business changes and challenges

The outpatient market leaders keep an eye on fluctuations in ownership models and who is consolidating, selling or buying into the ambulatory space, so it is important to take the pulse of facility leaders to see what they see in the future. We asked our survey respondents, “Do you expect to see changes in your ownership model?” and a vast majority said “No” (67.5%). That indicates no movement and some level of stability, no matter what the model, or the economic climate, which is down from 70.5% in the previous 2021 survey.

Delving deeper, 21.25% said “Yes” they do anticipate changes ahead for their facility with regards to ownership – with 13.75% indicating a change within the next 12 months, and 7.5% showing a change in the next 48 months. Another group answered, “Not Sure” (11.25%), and with that level of response it bodes some uncertainty.

With more than 20% indicating a change in their ownership model for 2023, it looks likely that the outlook potentially will change for some facilities as outpatient surgery continues to evolve. A new organizational structure and ownership model, potentially with partners and new stakeholders, can impact decisions regarding growth, staff and expenditures down the road.

For 2023, leaders expressed, again, the desire to stay independent (52.5%) and keep their current ownership model. Only a smaller segment considered seeking management partners (5%), plan on ownership with a hospital (8.75%) or plan on consolidating with other surgeons (7.5%) or other ASCs (5%). One survey respondent stated clearly what works best for them, saying they plan on “keeping the same ownership structure that has served us well for 20 years.”

Impediments to growth

Looking at the biggest challenges ahead, the survey probed for responses for the top four impediments to growth in the coming year. Here are the top four challenges and the other remaining concerns that keep leaders looking for solutions:

Top Challenges

Supply chain challenges	78.75%
Nurse turnover	70%
Equipment costs	68.75%
Leadership staffing	40%
Maintaining surgeons	38.75%
Access to expansion and investment dollars	23.75%
Software	22.5%
Access to free continuing education	17.5%
Minimal marketing support	13.75%

The first five challenges in these responses explain the deep concern about staffing by the leaders going into 2023 – with a focus on not only the nursing staffs and critical leadership positions but surgeons as well – as leaders struggle to keep their teams in place and working efficiently. This feeling is consistent with the past year as the top two challenges voiced by leaders then also revolved around staffing shortages and supply challenges, both of which were first reported as critical in the early stages of the pandemic. Clearly, they both continue to be concerns but now have been elevated.

In fact, the survey responses also showcase the equally significant concern about equipment that continues to be a focus along with the lack of availability of what is needed and rising costs. With a 78.75% response in “Supply chain challenges” and a 68.75% response in the “equipment costs,” these two are viewed as just as important as “Nurse turnover.” The challenge about “Access to expansion and investment dollars” is also something to keep an eye on as capital to improve is scarce. The finances available to develop existing outpatient facilities as well as partner to create new ones is an important indicator of the attitudes and health of this outpatient surgery market.

During the pandemic, many staff members leaned on virtual education to fulfill educational credit needs and learn about new solutions to OR challenges since in-person events were limited. Today, there is a wide range of options online and in person for free continuing education. Access is still a concern, but more of a concern is staff members finding the time to attend events or carve out time for education and training. Survey respondents also commented on other challenges that impede their progress, including the inability to hire experienced nurses, reimbursements, a surg tech shortage, and “costs that continue to rise.”

Supporting ambulatory leaders

Supporting the leaders in the ambulatory market aids their future journey to growth and stability as each individual facility or group determines the best steps to take in the following months and years. Whether the facility is expanding its specialty offerings or its footprint, industry partnerships can help bring solutions and support the process.

The relationship between vendor partners and ambulatory decision-makers is an important one that revolves around information, access and trust. To explore this relationship further, the survey asked, “What are the most valuable vendor partnerships programs that will support and evolve your business?”

The top two answers that focus on the vendor relationship were “In-person support and training” (62.5%) and “On-site education” (58.75%), both of which point to the strong need for in-person connections post-pandemic. The lack of training on equipment, detailed hands-on education and interactions with leaders and staff have hampered the efficiency of ORs during the pandemic and even into the endemic phase as well. These responses show a keen desire for that in-person support that was missing for almost three years.

Following these two important components of support are some additional valuable vendor programs that can help an ambulatory facility evolve and plan for success. These include “Standardization practice and review” (58.75%), also among the top three responses, along with “Efficiency program” (41.25%), “Virtual education” (40%) and “Growth and expansion consultation” (33.75%). These strong responses overall demonstrate a clear need for vendor programs that support and help ambulatory facilities thrive in the new environment of critical staffing and cost challenges.

Looking ahead

The overarching themes for 2023 revealed in this survey revolve around the critical need to focus on staffing, even more than during the pandemic, to bring new team members on board, provide a stable updated environment and meet their educational and personal growth requirements. Survey respondents also pointed out the challenges of physician recruitment, the looming perioperative nurse shortages, reimbursement, inflation, competition with hospitals for staffing, and patients unable to pay for services – all additional factors to keep in mind as we look ahead. With costs joining staffing as the major points for 2023, the outpatient surgery leaders are keeping a laser focus on their investments, both in terms of equipment and people.

As these large challenges – and many smaller ones as well – color today’s ambulatory landscape, the outlook for the ambulatory surgery market is not gloomy by any means. With existing businesses that work well, new staff coming on board to train, and leaders primed to face their growth and fiscal challenges, the future looks positive as these healthcare professionals continue to serve more and more patients every day.

Note: This survey was fielded electronically from November 7 to December 12, 2022, to Outpatient Surgery Magazine’s outpatient surgery facility leadership e-list. The data was analyzed by Outpatient Surgery Magazine for this Whitepaper sponsored by BD. Outpatient Surgery Magazine acknowledges the generous support of BD to create this survey and analyses of the evolving ASC market.