Objectives

- Discuss why adding a new service line might be right for your center
- Define issues that must be examined to determine if this will be a successful venture
- Determine where and how you will get the data you need to make an intelligent recommendation to the governing body
- Examine the steps to take once the decision has been made
Why Would You Add a New Service Line?

- Current specialties are limited
- Volume has been dropping
  - Physicians are retiring, leaving, and recruitment is difficult
  - COVID-19 has caused patients economic distress
- Need to diversify
- Excess OR capacity
- Reimbursement/case for existing specialties is static or dropping
What drives ASC growth?

- State regulations
- Centers for Medicare & Medicaid Services (CMS)
- Certificate of Need, if applicable
- Improved technology
- Patient safety
  - Use of non-invasive techniques is expanding
  - Micro instrumentation
- Physician satisfaction
- Lower costs of performing procedures in ASCs vs hospitals
- COVID-19
Ask Yourself

Should I do it?
Can I do it?
What did I do?
Or...look what I did!
Should I do it?
## Should I do it?

<table>
<thead>
<tr>
<th>Questions</th>
<th>Answers</th>
</tr>
</thead>
<tbody>
<tr>
<td>Capacity analysis?</td>
<td>Department and staff utilization analytics</td>
</tr>
<tr>
<td>Which service line?</td>
<td>Exploration resources</td>
</tr>
<tr>
<td>Who will perform?</td>
<td>Recruitment - internal/external</td>
</tr>
<tr>
<td>Is it safe at my ASC?</td>
<td>Medical exec, anesthesia, medical director, and BOM sign off</td>
</tr>
<tr>
<td>Can I get paid?</td>
<td>Payor contracts</td>
</tr>
</tbody>
</table>
Can I do it?
Can I do it?

Determining gross revenue
- Volume
- Case mix
- Payor mix

Determining profitability
- Labor cost
- Resource cost
- Capital equipment cost
- Overhead
## Cost/Profit Modeling

<table>
<thead>
<tr>
<th>Capital $20,000</th>
<th>Best Case</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>CPT</strong></td>
<td><strong>Volume</strong></td>
</tr>
<tr>
<td>31622</td>
<td>20</td>
</tr>
<tr>
<td>31646</td>
<td>20</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>40</strong></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Capital $20,000</th>
<th>Worst Case</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>CPT</strong></td>
<td><strong>Volume</strong></td>
</tr>
<tr>
<td>31622</td>
<td>10</td>
</tr>
<tr>
<td>31646</td>
<td>10</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>20</strong></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Capital $20,000</th>
<th>Expected</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>CPT</strong></td>
<td><strong>Volume</strong></td>
</tr>
<tr>
<td>31622</td>
<td>15</td>
</tr>
<tr>
<td>31646</td>
<td>15</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>30</strong></td>
</tr>
</tbody>
</table>

Use Excel to set up a Best, Worst, Expected Analysis
Easy to set up spreadsheet calculations
Use a model to plug in different scenarios
We can do it; but should we?

- Avoid short-term thinking
  - Think about long-term data about projected volume and physician recruitment
- Neglecting data collection
- Overlooking community engagement
  - Need to promote the new service line
  - Patients need to know this new service line is available
Go?

- Present findings to the governing body
- Call the questions – Go or No Go
- Define success criteria
Consider Potential Specialties and Procedures

- Review the literature
- Determine ASC’s capacity
- Search for complimentary procedures to existing services
- Ask your physicians about cases they might consider bringing to the center
- Clarify - experimental/established (often determined by payors)?
- Investigate reimbursement in ASCs
Exciting Possibilities

- Neuro/spine
- Cardiac
- Hand surgery
- Common procedures not currently done in the center (Pediatric cases, especially ENT)
- Corneal transplants
- Cochlear implants

- Vascular
- Retina
- Bariatric
- ESWL
- Endocervical procedures, inc. LEEP
- Laparoscopic assisted vaginal hysterectomy
- Total joint replacements
Consider the following:

- Cost of purchasing equipment
  - New vs refurbished
  - Equipment ASC has on hand
  - Will new equipment be used by current specialties?
- Cost of supplies
- Implants required
- Available space (cardiac and TJRs may require more space, lead walls, fixed equipment, etc.)
- Average length of procedure
- Average length of recovery
- Required use of outside vendor (ex. ESWL)
- Will an onsite lab be required? CLIA-waived vs CLIA
Reputation of the Surgeon

• How long does this procedure normally take the surgeon?
• Is he/she a team player? How does he/she get along with other physicians, OR staff?
• Outcomes: infection rates, etc.
• Flexibility: willing to adapt schedule; work with alternate equipment; use supplies center has on hand
• Skill in performance of minimally invasive surgery (MIS)
  • Do MIS procedures take 2 – 3 times longer because the surgeon isn’t proficient at doing them this way?
  • Doesn’t/can’t do MIS, so cases are always open
  • Won’t do lap choles because there “might” be complications
Recruitment

• Surgeon
  • Physician profile
  • Interest in using the ASC
  • Collect data: Case volume, payor mix, site of service

• Group or individual
  • Consider volume and capacity available

• Is this a new service line or an existing service line that is expanding, ex. Ortho to total joints

• Consider possible conflicts between specialties that do these procedures, ex. Spine (neuro/ortho)

• Vendor reps know MDs who might be a good fit, are unhappy where they are.

• Target reps in the service line being considered
Also consider:

• Anticipated increase in case volume
• Number of procedures per case
  • Ex. Sinus cases may bill for ≥5 procedures/case
• Will procedures result in multiple visits, i.e. pain management, manipulation under anesthesia (MUAs)?
• CMS approved procedure list – is the procedure included?
• 3rd party payor reimbursement for the case
• Safety of using the ASC vs hospital, i.e. thyroidectomy, parotidectomy
Also consider:

• Available time in ASC
• Expertise, training of staff
• Payer mix
• Board acceptance
• Do you have physician-champions for the new service line?
• Will state license be affected? MUAs for example
• Regulatory requirements: ICD Registry, for certain cardiac cases
• Will construction/renovation be required?
• Competition – are other centers doing this service line in your market?
Cost of purchasing equipment

• Some specialties can utilize equipment ASC has available: microscopes, video towers, etc.

• Others require completely new purchases: spine requires positioning equipment, specialty instrumentation, drills, etc.

• Surgeons are usually very specific about what they will use

• If more than 1 surgeon in the new specialty will be added, do they agree on the equipment to be purchased?

• Can you get equipment on trial or demo before committing to the purchase?

• How are the instruments sterilized/reprocessed? Get IFUs in advance
Cost of supplies

- Requires accurate, up-to-date preference cards
- Work with vendors to get current pricing
- Are the supplies on your GPO contract?
- Are they in-stock items or special order?
- Can they be returned without penalty if not used?
- Can they be consigned?
- Tie-in between purchase of supplies & no-cost equipment?
Implants

• Does the procedure require implants?
• If so, how many?
• What do they cost?
• Are they reimbursable under your contracts?
  • For new procedures, you probably won’t have the carve-outs in place
• Does an outside vendor bill for these, ex. IPG works with BCBS in FL
Average Length of Procedure

• Physician will give you times based on his/her cut times - VERIFY
• You need to consider total in-room time
• Ask for historical computer-generated data for the past year
• Remember: a new procedure will take the surgeon longer due to the learning curve
• Once data is collected, surgeon should review & sign an agreement of accuracy
• Caution: if the surgeon is new to your area, you may have difficulty getting this information
Average Length of Recovery

- Some procedures require patients to stay longer in PACU for pain control, voiding requirements, etc.
- Pediatric patients may need to drink a certain amount prior to discharge
- Can the case be fast-tracked?
- Will the cases require 23-hour stays? Are you approved for these? Don’t forget to add these costs to your research
Outside Vendor

If procedure requires use of a contracted vendor, consider:

- Availability – how many choices do you have in your area?
- Flexibility – can you add a case today that they will cover tomorrow, or do they limit you to certain days?
- Cost: they are not all the same. Some ESWL providers will charge $1100 per case and 100 miles south, the vendors charge $2500 per case for the same procedure.
Outside Vendor

• Determine if the physician has financial ties to any vendors being considered
• Will your surgeons ask for an exclusive contract to use “their” vendor?
• Do you have to buy any equipment for them to use?
• If they bring equipment to the ASC, remember that BioMed must check the equipment before each visit
Know Your Costs

• This step is critical
• You must be able to account for every supply that will be used, inc. anesthesia supplies, drugs, gases
• Implant costs, worst case scenario, should be included
• Overhead cost per case (utilize OR cost per minute as a basis)
• Reimbursement (use CMS as a basis, if they are your lowest reimbursement)
Analyze the Costs

• Once you know the supply and implant costs, the reimbursement, the number of cases – crunch the numbers

• How long will it take you to break even (break-even analysis)?

• What will you make on the procedure (return on investment)?

• This is the financial piece, but this isn’t all you need to consider…….
Scheduling

• Are you open <5 days per week?
• Can you open an extra day? Don’t do this for 1 – 2 procedures. Set a minimum number of cases required to open an extra day
• Can you fill afternoon times with these new procedures?
• Can patients have clear liquids if the cases are scheduled after 12:00 noon?
• Consider patient safety for every case
  • Patient selection
  • Emergency equipment available
  • Experience of staff
  • Patient education & understanding
Patient Selection Criteria

• Is patient medically appropriate to undergo procedure
  • Co-morbidities
  • Previous history
• Admission criteria
  • BMI
  • NIDDM
• Ability and commitment to follow post-op plan
Staffing

• New procedures shouldn’t be a problem for the OR staff, unless…
  • They are unique procedures. Retina requires certain skills and not all techs are good at this.
  • Staff anxiety re: new procedure

• If you are adding a specialty, do you have OR staff who have trained/worked in that specialty? Ophthalmology, cardiology, total joints & spine can be a challenge

• Does the physician use a PA or CRNFA? They have to be credentialed & this takes time

• Will the case require additional personnel? 2 scrubs, IVCS nurse, positioning assistance, etc.
  • This will add to your costs & increase your staff hours per case
Anesthesia

• Are your anesthesia providers comfortable with the new procedures?
  • If adding pediatric cases, are they trained/comfortable in treating young patients?
  • Hospitals are marketing fellowship-trained pediatric anesthesiologists in order to keep these cases

• Are they current and onboard with ASC throughput?
• Do they have the ASC mindset?
• Will they gladly incorporate the new procedure(s) into the ASC schedule, or will they push back?
• Do they have any anesthesia concerns for these cases? Ex. Bariatric patients
Prepare for emergencies

• Have the proper emergency equipment for the new service line
  • Cardiology
    • Crash cart
    • Intra-aortic balloon pump
    • Pericardiocentesis kit
    • Temporary pacemaker
  • Regional blocks
    • Lipid rescue kit
• Dedicated & experienced staff committed to this service line
• Robust processes
  • Extra training
  • Drills for worst case scenarios
It’s critical to obtain accurate case numbers from the surgeon.

How many of these procedures has he/she done in the last year?

How many are anticipated for the next 12 months?

What is the breakdown of the payers for these cases? Medicaid, CMS, commercial.

- Will the payment rates be lower if procedure is performed in ASCs (Site of service differential)?
- Will implants be covered?
- Dental cases are often Medicaid.
CMS Payments

• Minor procedures may be reimbursed, but at such a low rate, they will not be profitable
  • Office-based cases, for example
  • Consider using these to fill in slow times, typically in the afternoons after the “prime time” (7:30 – noon) has been filled, especially if the physician is already at the ASC that day

• Cases previously performed in inpatient facilities, but now considered safe for ASCs
  • These should be profitable and worthy of consideration

• The list is expanding quickly
Putting This All Together

• If the reimbursement covers the cost of the supplies, that’s a good start
• If the potential volume is good, that’s even better
• If the surgeon is willing to fill unused OR time, that’s a plus
• If the financial analyses are positive, you have a strong case to present to the governing body
Decision to Add a Procedure

• This will be a governing body decision

• **Data** will be the key that will enable them to make an educated decision – not an impulsive one
  • Make sure the data is accurate
  • This takes time

• Once the decision to proceed is made, there is lots of work to be done

• Track your data in detail: all costs incurred, reimbursements, payer mix, quality data, patient satisfaction, etc.

• Evaluate periodically to determine if this was a good decision
What do you Track?

Monitor these key indicators

• Profitability

• Physician satisfaction
  • Roll out the red carpet and meet with them often

• Patient satisfaction
  • Contact them often at first
  • Ask for references

• Staff satisfaction
  • What input can they provide?
  • What would they change?
  • What would they suggest to improve the new service line?
  • How can you reward them?

• Success criteria (pre-determined by governing body)

• Report all information to governing body

Celebrate or ask forgiveness
Now What? It’s a GO!

• Determine success criteria with input from physicians, staff & anesthesia
• Create a timeline for the Go-Live
• Add procedures to the ASC’s approved list
• Create the delineation of privileges for new specialty (Don’t reinvent the wheel; ask others to share theirs)
• Negotiate or renegotiate with payors
• Secure carve-outs, if applicable
• Research capital equipment and secure approval for expensive purchases
• Aggressively recruit physicians
Don’t forget

• Credentialing – this can take time
• Resource approval and acquisition
• Staffing (if you need to add staff) and training of staff to the new service line
• Securing preference cards; this can be difficult
• Will regional anesthesia be required? Do you have the equipment, an ultrasound machine, for example. Does this need to be added to the DOP for anesthesia?
• Will state or federal reporting requirements change?
Bad Match vs Good Match
Bad Match - Retina

- Disclaimer: this was in the mid-90’s in a multispecialty ASC owned by 10 surgeons
- Practice manager recommended a “good friend” who was a retinal surgeon and who wanted to move to the area
- Surgeon asked for lots of toys.
- Not a lot of research was done
- The Board approved the purchases.
- Supply costs per case were astronomical, and this was in the days when most ASCs didn’t do detailed case costing
  - He used Perfluoron and other very expensive medications
Bad Match - Retina

- Cases were long
- Patients had a lot of co-morbidities
- Some stayed in PACU 4 – 6 hours due to pain or nausea
- Case volume was fairly low, but we were losing money, so no one pushed him to do more cases
- He eventually left the area, and afterwards, we discovered that he had been asked to leave his previous practice because of many of the same issues
Good Match - Retina

- Few years later, another retina surgeon joined the center
- It was a perfect match!
- He was cost-conscious; fast; adapted to our schedule
- He’s still there, and the center is doing well with his cases
Other Cases to Examine Carefully

• ESWLs – the vendor may make or break the success of this procedure in the center
• Sinus navigation system cases – expensive to start up, and low volume may turn this into a white elephant situation
• Plasma-rich protein injections – vendors may tell you that you will get paid but be wary of these. Do your homework.
• Plastics – very difficult to make money due to length of cases – not a good match for multispecialty ASCs
Removing a Procedure – Embarrassing to All

• White elephants
  • Equipment that was purchased for a new procedure or surgeon, but which is rarely/never used
• What happened? Learn from this
• Data didn’t support the addition of the procedure
  • Governing body made an emotional decision
  • ASC lost money
  • Surgeon wasn’t a right fit for the center
  • “If you build it, they will come” – worked in Field of Dreams but not in your center
Summary

• There is a lot to consider before forging ahead
• Analysis and data on the front-end will prevent lots of angst on the back end
• Once committed to a new procedure or service line, especially an expensive one, it’s very difficult to admit a mistake was made and to cut your losses
• The Rise of Cardiology in ASCs – 5 Insights; Eric Oliver; Becker’s ASC Review Online; May 13, 2020

• Growing without the Pains: Using Data and Analytics when Adding Service Lines; Todd Logan CASC MBA; ASCA Virtual Conference; July 2020.

• Cardiology: The Emerging Outpatient Specialty; Kelly Bemis RN BSN; ASCA Virtual Conference; July 2020

• Performing Spine Procedures in the ASC: From the Trenches to the Mountaintop; Karen Reiter, RN, CNOR, RNFA, CASC; ASCA Virtual Conference; July 2020

• Successfully Adding a New ASC Service Line; Robert Zasa, MSHHA, FACMPE; Becker’s ASC Review Online; Oct. 2, 2019

• What to Avoid When Expanding ASC Service Lines; Rachel Popa; Becker’s ASC Review Online; June 27, 2019.
Contact Information

Ann Geier, MS, RN, CNOR(E), CASC®
Chief Nursing Officer
Surgical Information Systems
Ann.Geier@sisfirst.com
843-303-0008 cell

For a copy of my free eBook, Admin 101: What Every New ASC Administrator Needs to Know, go to www.sisfirst.com; resources; eBooks