

Surgical Transplants

Navigating beyond hospitals, ambulatory surgery centers

By Scott Mayer

“Change is the only constant in life.”
—Heraclitus of Ephesus

The concept of change being the only constant in life was proposed by the Greek philosopher Heraclitus around 500 BC. These ancient words still ring true, especially when you consider the healthcare industry.

Over the past decade, surgical procedures have steadily moved away from hospital environments into ambulatory surgery centers (ASCs). ASCs have grown in popularity by offering patients a convenient, cost-effective alternative to inpatient hospital care for surgical services. While ASCs have enjoyed many years of profitability, the healthcare industry is experiencing another change. Physicians are opting out of hospitals and ASCs in favor of the office-based surgical setting.

The shift to office-based settings is driven primarily by rising costs and shrinking reimbursements. As physicians look for innovative ways to optimize revenue and their time, for many the answer is moving surgeries out of a hospital or ASC environment and into their office. In doing so, physicians, especially independent physicians, are investing in themselves rather than giving up revenue to a hospital or surgery center where they have limited financial claims. Furthermore, physicians gain control over their schedules and improved quality of life. Scheduling delays and limited

operating rooms are not an issue when procedures are conducted in your own office. This results in an efficient, streamlined calendar with no additional travel required.

Change Drivers

Advances in technology and medicine are enabling the rise of office-based surgical settings. Consider, for example, the development of equipment specifically designed for the unique needs of the non-acute setting, which was done with intent to move minimally invasive procedures out of hospitals and/or surgery centers and into office-based settings. These lightweight, portable devices are intuitive to use and less expensive than their predecessors, making them attainable for independent physician offices. Medical equipment and device companies have invested heavily in building out platforms tied directly to specific procedures receiving a large physician office facility reimbursement. Two examples are the endometrial ablation and laser vaporization of the prostate.

Anesthesia has also evolved, further clearing the way for more

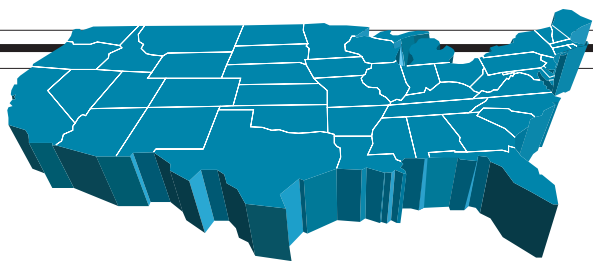
invasive procedures and a wider patient base to be seen in an office surgical suite. Today's quick-acting, quick-recovery anesthetics add significant efficiency to sedation and minimize the time patients spend in recovery so they can safely and conveniently get home quickly.

Patients

Patients are also contributing to this shift as they see real benefits and tremendous value in office-based surgical procedures. They want safe, high-quality care at a low-cost and convenient setting while avoiding unnecessary risks, such as hospital infections, and personnel unfamiliar with their unique health history.

Maintain Quality of Care

For physicians looking to make the change to an office-based surgical setting, it's important to do things correctly and methodically so that quality of care and patient safety are never compromised. Education is key to understanding what is required to create a safe surgical environment. The following areas are great places to start.

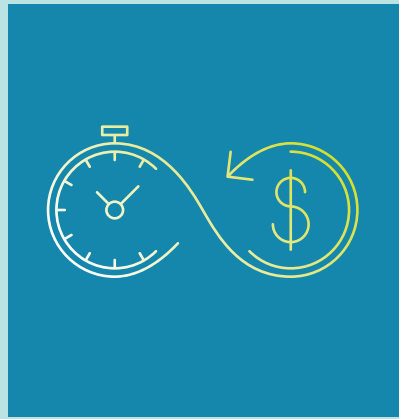


1 Know your state's requirements. Expect additional regulations in the future with the growth of this market. Accreditation requirements for an office-based surgery practice vary by state, with some states having no requirements at all. Roughly half of the states across the country require some sort of accreditation. A state-by-state break out of requirements for an office-based surgical setting can be found online and is published by the Accreditation Association for Ambulatory Health (AAAHC) and Joint Commission on Accreditation of Healthcare Organizations (JACHO). Consultants, including accreditation and office-based surgical suite consultants, are worthwhile resources for details on state-specific requirements.

2 Get educated on medical malpractice. Determine the cost of premiums for a medical malpractice insurance policy based on your specialty. While not required by every state, liability coverage (aka medical malpractice coverage) is highly recommended. If your liability carrier is unaware of, or uneducated in, office-based surgical procedures, it's up to you to provide them with as much information as possible. Include the name of the consultant you are working with; details on what procedures you plan to perform; information on other physician offices performing similar or the same procedures in office; etc. This information reinforces to the carrier that the surgeries you plan to perform in office can be done as safely, if not safer than, in a surgery center or hospital. While some providers may assume that transitioning procedures from a large facility to an office will negatively impact their liability carrier premiums and relationships, evidence and data will demonstrate value and safety.

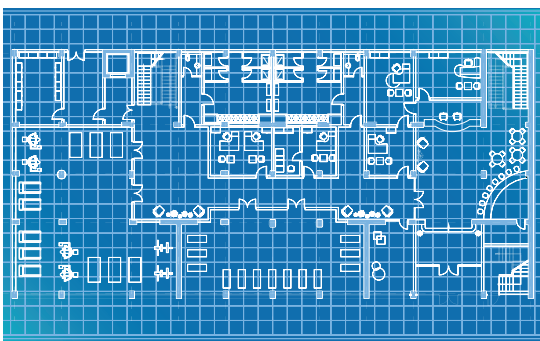
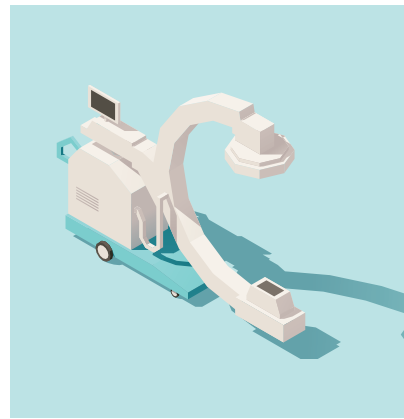
3 Contact your insurance carriers. Get a financial breakdown of the internal costs for each procedure you plan to bring into the office. Next, look at your payer mix. What insurance is best suited for the specific patient-base you want to bring to your office surgical suite? With this information, conduct an in-depth analysis of what you will make from each carrier for these surgeries.

Get an exact breakdown of physician office site-of-service reimbursements for the procedures you plan to perform. While Medicare publishes its fee schedule online, others, such as Blue Cross/Blue Shield and United Healthcare, do not. Some will have set fee schedules broken out between the hospital/ASC and office. With others, you will have to negotiate directly, which gives you leverage and the ability to increase your upside. This also allows you to demonstrate to payers how moving these procedures out of large facilities to an office setting saves money and improves patient satisfaction.



4 Estimate your numbers. Reinvent your schedule by eliminating OR delays and hospital travel time. Take this time to reinvent your financial pro forma as well by analyzing everything from the work you did on costs, reimbursement, payer mix, and patient volume. Conducting a pro forma shows how many patients you must see and procedures you must perform to maximize profitability and cover costs. Your financial/accounting personnel, office manager, and/or consultant should be able to assist with this financial model.

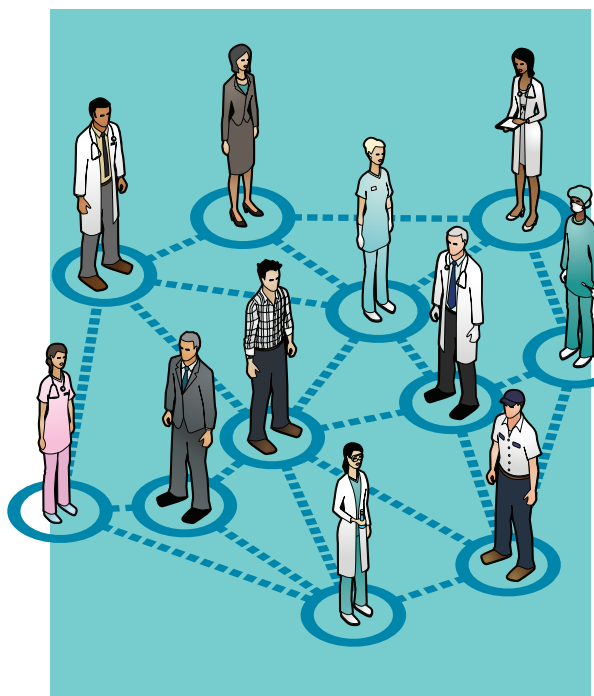
5 Talk to your device rep. Leverage their knowledge and extensive infrastructures as you start working on the operational facet of in-office surgery. Medical device reps provide safety, equipment, and device training, typically at no additional cost. They are knowledgeable about reimbursement and will make sure you maximize the earning potential of their equipment. Medical device reps are great resources for understanding what additional supplies, support personnel, and other office-based surgical requirements you need.



6 Determine your build-out. Work with your accreditation consultant and/or medical device rep to understand if a build-out is required for additional space. Needs vary based on specialty. For example, gynecology doesn't require a sterile environment for the procedures most often performed in-office, nor does it require a lot of space for equipment. Therefore, minimal work is required to get a physician office up and running in that discipline. Urology in-office procedures need large equipment and, therefore, require a larger room and wider hallways. Gastroenterology requires sterilization and equipment such as gastroscopes and colonoscopes, making planning and preparation more extensive.

7 Determine anesthesia staffing needs. Ask an anesthesia consultant or outside anesthesia group to provide any help you need. Unlike hospitals and surgery centers, physician offices aren't equipped with the personnel, resources, and certifications required for multiple levels of anesthesia. Outsourced anesthesia services are an increasingly popular solution to this problem. A turnkey outsourced perioperative anesthesia partner eliminates the need to recruit and pay for critical care trained pre-op and recovery nurses. Furthermore, anesthesia-related supplies, equipment, and medications are provided, which minimizes costs and headaches (see "The In-House Alternative").





8 Maximize relationships. Consider enlisting the services of a consultant and maximize what your consultant provides. Accreditation can be complex. If your state requires accreditation, it's not just the accreditation they can assist you with. They can provide a list of architects, contractors, device companies, equipment companies, vendors, etc. Leverage the relationship to maximize value to avoid consulting with or hiring multiple experts. The guidance of an accreditation consultant can drastically minimize mistakes and unnecessary costs.

The same holds true for the device company. Medical reps commonly have existing relationships with architects, local contractors for build-outs, and other vendors and services. A device company rep is a great resource to leverage, as they have experience doing exactly what is necessary to make sure your build-out is done with the least amount of cost/space needed to succeed. This minimizes risk and liability by establishing high-quality policy and procedures that will be the backbone of your surgical suite. Because it is in the best interest of the device rep to make this as convenient, safe, and cost effective as possible, they should be happy to help.

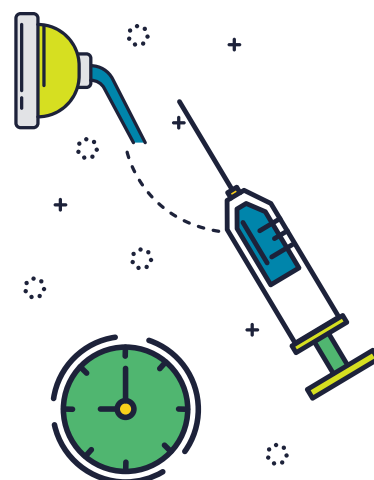
And, if you outsource anesthesia, leverage their knowledge as well. For instance, Mobile Anesthesiologists works with multiple practices and specialties, and they're able to utilize their knowledge and relationships.

The In-House Alternative

If you plan to keep anesthesia in-house, key considerations include:

- ▶ Sedation elements you will use
- ▶ Revenue, liability, and costs associated with who provides the anesthetic
- ▶ How patient flow will be handled (i.e., pre-op and post-op recovery)

If you are not trained in anesthesia, it is difficult to know the needs and idiosyncrasies required for a safe and high-quality service.



9 Set patient criteria and selection parameters. Work with your nurses and anesthesia partner to formulate an outpatient patient-selection criterion specific to the procedures you perform in the office. Keeping sick patients with comorbidities in the hospital ensures minimizing the chance of a patient emergency. Include the comfort you have with each patient type and their health history, including age, allergies, past surgeries, other ailments, cardiac history, etc. Your plan should also include insurance parameters (i.e., will you get paid if done in-office, or does the plan require patients to be treated at a hospital?) as well as applicable state mandates.

Embrace the Change

While the move to an office-based surgical environment may seem overwhelming, it doesn't have to be. Medical device vendors, insurance carriers, anesthesia providers, patients, and others see value in this new model. Therefore, they will do all they can to make things easy for physicians and their practices in this regard. Leveraging their expertise and assistance minimizes out-of-pocket expenses and avoids a large, upfront cash output.

Also, reach out to your bank/lender to learn about low interest and interest-free options on equipment and facility improvements. There are many ways to protect yourself financially and liability-wise as you take advantage of everything the office-based surgical setting

has to offer. The expertise is there for the taking if you know where to look and who to ask.

Don't get paralyzed by false assumptions on how daunting, overwhelming, or costly this can be because the benefits are too great to ignore, and the marketplace is already on the bandwagon.

The healthcare industry is changing. Taking a wait-and-see approach to declining reimbursements is no longer enough. Look for ways to make up lost revenue and secure long-term financial health. For many, a transition to office-based surgery is the answer to a sustainable, profitable future. [GRJ](#)

Scott Mayer is CEO of *Mobile Anesthesiologists*, a turnkey, peri-operative, and anesthesia solution for office-based surgery, working exclusively in this setting for over 20 years.