THE AGE OF M&AS
What’s next for ambulatory surgery centers?

Ideas for community outreach  | Environmental cleanliness strategies  | Using case costing tools
Confidence times three.
Choose the proven system for sterilization assurance across all modalities.

3M gives you a standardized system for:

- Steam Sterilization
- Vaporized Hydrogen Peroxide (VH2O2) Sterilization
- Ethylene Oxide (EO) Sterilization

go.3M.com/3MAdvantage
As healthcare costs continue to rise, providers are looking for ways to add efficiency while maintaining quality of care. In this issue, we focus on how integration among healthcare sites across the continuum optimizes clinical and financial outcomes.

As our cover story reveals, one trend for achieving healthcare efficiency is consolidating services through mergers and acquisitions. There were 102 hospital merger and purchase transactions announced in 2016, an increase of 55 percent since 2010, according to the latest analysis by Kaufman, Hall & Associates LLC. Some of this activity includes joint ventures between hospitals and ambulatory surgery centers.

For more insight into how a hospital-ASC joint venture contributes to savings and better outcomes for patients and providers, read our story on Algonquin Road Surgery Center, which is jointly owned by two hospital systems and a group of physicians.

A similar trend is partnerships between ASCs and self-insured employers. Find out how these arrangements create opportunities for cost savings in our article, “Joining forces.”

Have you been looking for a way to determine the cost of performing specific procedures on a per case basis? Read “Capturing cost” to learn how Surgical Care Affiliates is determining case costs through a unique data management tool it developed.

As services consolidate and healthcare systems become larger, clear communication channels between patients and multiple providers become even more critical. “Coordinated care” illustrates how providing continuity in care means keeping everyone connected — not always an easy task.

Another way to establish meaningful connections is through community outreach. “Community ties” shares four ways your ASC can get more involved with your local community.

We want you to stay connected with Medline, too. We encourage your continued feedback to make sure we are meeting your needs. Please feel free to contact us at ASC@medline.com with your ideas, comments and suggestions.

Sincerely,

Josh Carter
Senior Vice President,
Ambulatory Service Center Division
Medline Industries, Inc.

UPDATE: According to the proposed CMS rule, effective Jan. 1, 2018, ASCs could start receiving Medicare payments for total knee arthroplasty, partial hip arthroplasty and total hip arthroplasty — excellent new opportunities for your ASC, staff and surgeons.
CONTENTS

spotlight
Welcome letter .......................... 3
Briefs ..................................... 6
Events ................................. 8
Featured products ................. 10

features
Ideas to expand your community outreach .................. 12
Leader of the pack: South Shore ASC 14
How clean is clean? .......................... 16
Cover story:
The age of M&As .......................... 18
Coordinated care within IDNs .............. 24
Capturing cost .............................. 26
Joining forces with self-insured employers ............... 28
ASC spotlight:
Algonquin Road Surgery Center ......... 30
Virtual healthcare on the rise

The way in which consumers access healthcare in the next decade could be vastly different due to the growth of virtual healthcare. According to a HIMSS Analytics survey, nearly one-third of healthcare providers use remote patient monitoring and video-based virtual care (i.e., telehealth and telemedicine) services to improve patient engagement and access to care. The 2017 survey asked healthcare executives about the state of adoption of virtual care services and the top challenges they face in digital health.

Of the healthcare organizations surveyed:

- 31 percent currently use video-based services
- 34 percent offer remote patient monitoring
- Nearly 75 percent have virtual care initiatives in place, although fewer than 5 percent call their program “advanced.”

When asked about challenges in providing virtual care, about 25 percent of executives cited “maintaining a sustainable business and/or financial model” as the biggest challenge. Other challenges include adoption issues with clinicians (17 percent), defining a strategy to implement virtual care (12.2 percent) and regulatory compliance and risk/liability concerns (12.2 percent).

6 targets for ASCs in 2017

The Accreditation Association for Ambulatory Health Care identified six areas it wants ASCs to focus on in 2017, according to Becker’s ASC Review. They are:

1. Credentialing, privileging and peer review processes
2. Documentation, such as allergy documentation and written evaluation of scenario-based emergency drills
3. Safe injection practices and medication safety, including proper storage and use of multi-dose vials and recall policies
4. Staff education and training, particularly in areas such as infection prevention and safety
5. A quality improvement program focused on specific, measurable and quantifiable performance goals
6. Performance maintenance of standards with high compliance

MACRA’s impact on physician payments

A new study published in Health Affairs explores the possible effects of the Medicare Access and CHIP Reauthorization Act on physician payments. Authors of the study used the RAND Corporation’s Health Care Payment and Delivery Simulation Model to predict how MACRA would impact Medicare spending and utilization.

Enacted in 2015, MACRA established a two-track performance-based payment system that promotes physician participation in alternative payment models. Authors of the study estimate MACRA will decrease Medicare spending on physician services by $35 billion to $106 billion by 2030, a respective decrease of 2.3 to 7.1 percent from physicians’ current Medicare revenue.

The PICO System

One system expanding your negative pressure wound therapy options.

- Canister free, single use and disposable
- Up to 7 day wear time
- -80mmHg nominal pressure
- Comes in range of dressing sizes and shapes
- Silicone base for easy application and increased patient mobility

The easy to use PICO System is indicated for acute, chronic and closed surgical incisions. PICO is appropriate for but not limited to the following:

**Open wound:**
- Pyoderma gangrenosa
- Diabetic foot ulcers
- Venous ulcers
- Refractory ulcers
- Pressure ulcers
- Vasculitic ulcers
- Hypertensive ischemic ulcers

**Incisions:**
- C-section
- Hysterectomy
- Total Joint Replacement
- Sternotomy
- Colorectal Surgery
- Calcaneus Fracture
- Mastectomy
- Breast Reduction

For more information, please visit PossiblewithPICO.com
Reimbursement hotline: 1-888-705-0061

References

©2017 Smith & Nephew, Inc. All rights reserved.
September 2017

TASCA FALL CONFERENCE & TRADE SHOW
Sept. 14-15
Park Vista DoubleTree
Gatlinburg, TN
Tennessee Ambulatory Surgery Center Association brings together ASC professionals, healthcare experts and vendors. Learn about industry trends, regulatory updates and best practices to help your center and the patients you serve.
For more information, visit www.tnasca.org.

OAASC ANNUAL MULTIDISCIPLINARY CONFERENCE
Sept. 19-21
Hilton Columbus – Polaris
Columbus, OH
The Ohio Association of Ambulatory Surgery Centers helps Ohio’s ASC professionals stay updated on the issues that are important to their centers and professions. Discover the latest best practices in clinical research, quality improvement, infection prevention, materials management and more.
For more information, visit www.oaasc.net.

October 2017

CLINICAL CONGRESS
Oct. 22-26
San Diego Convention Center
San Diego, CA
Clinical Congress features educational opportunities to address the knowledge, skills and professional attributes needed to deliver the highest quality of surgical care. Learn about cutting-edge surgical research and enjoy unparalleled peer access.
For more information, visit www.facs.org/clincon2017.

BECKER’S ASC 24TH ANNUAL MEETING: THE BUSINESS AND OPERATIONS OF ASCS
Oct. 26-28
Swissotel Chicago
Chicago, IL
This exclusive meeting brings together more than 1,500 ASC professionals from across the country. Connect with your peers, share ideas for improvement and learn strategies for managing challenging clinical, business and financial issues at your centers.
For more information, visit www.beckersasc.com/conferences-and-events.html.

November 2017

CASA INFECTION PREVENTION SEMINAR
Nov. 8-9
Westin South Coast Plaza
Costa Mesa, CA
The California Ambulatory Surgery Association’s 10th annual seminar will feature practical information and training designed to help ASCs meet all components of CMS infection control oversight.
To learn more, visit www.casurgery.org.

March 2018

AORN GLOBAL SURGICAL CONFERENCE & EXPO
March 24-28
Ernest N. Morial Convention Center
New Orleans, LA
More than 10,000 perioperative nurses and exhibitors come together to participate in this conference, the largest gathering of perioperative nurses in the world. Learn about the latest industry research, best practices, technologies and trends, and interact with more than 500 exhibitors.
For more information, visit www.aorn.org/events.

If you would like to have your event listed here, please send an email to ASC@medline.com.
On-Demand Surgical Device Repair

No Contracts • No Monthly Fees • No Overpaying

Get the most out of your surgical devices—for less. Medline answers the call with our On-demand Surgical Device Repair. Using state-of-the-art technology, parts and materials, master engineers restore your devices to OEM performance specifications.

Contact your Medline Representative at (800) MEDLINE or ASC@medline.com

WHAT WE REPAIR

Flexible Scopes
ACMI®
Olympus®
Pentax®

ACMI®
Olympus®
Pentax®

(limited models)

Rigid Scopes
ACMI®
Dyonics®
Guidant®
Wolf®

ACMI®
Dyonics®
Guidant®
Wolf®

Intuitive Robotics
Linvatec®

Storz®
Stryker®

Guidant®
Wolf®

Power Equipment
DePuy Synthes®
Dyonics®
Hall®

DePuy Synthes®
Dyonics®
Hall®

Linvatec®
MicroAire®
Stryker®

Handpieces – Electric/Battery
Alcon®
Infiniti®
Linvatec®

Alcon®
Infiniti®
Linvatec®

Medtronic®
Midas Rex®
Stryker®

Handpieces – Pneumatic
Hall®
MicroAire®

Hall®
MicroAire®

Midas Rex®
Stryker®
NEW disposable biopsy punches and dermal curettes

For dermal procedures, it is crucial to have dependable instrumentation. That is why Medline has introduced a new line of disposable biopsy punches and dermal curettes. Developed in response to numerous customer requests, the innovative product line offers the convenience of a single-use instrument with a focus on accuracy, quality and performance.

Each biopsy punch and curette is precisely manufactured with a stainless-steel working end and an ergonomic handle for comfortable grip and superior control. All Medline punches and curettes are packaged sterile, eliminating any concerns about pre-use contamination. They also provide a convenient alternative to reusable options that require reprocessing, ongoing management and regular sharpening due to dulling.

Key features include:
- Individual, sterile packaging
- Pressure-assistance platforms
- Wide range of sizes
- Competitive pricing
- Product specifications

DISPOSABLE BIOPSY PUNCHES
Medline disposable biopsy punches are manufactured with stainless-steel, razor-sharp edges designed to remove full thickness skin specimens. The working end is attached to a ribbed handle to improve comfort and control. Each biopsy punch also features a pressure-assistance platform to help users penetrate skin easily and control depth of penetration. Sizes are engraved for easy identification. (Available in sizes from 1 to 8 mm.)

DISPOSABLE DERMAL CURETTES
Medline disposable dermal curettes are finely crafted with stainless-steel, circular working ends. Each circular loop has a blunt outside and sharp inside, allowing users to remove skin lesions without damaging the surrounding skin.

The single-ended instruments have a dual surface engineered to maximize comfort, ease of use and control, two ridges with an indented handle design and two flat pressure-assistance platforms. Together, these features help increase handling flexibility and end-user grip. (Available in sizes from 2 to 7 mm.)

To learn more, visit medline.com/asc or contact your Medline ASC representative.
At-home SSI bathing kit helps improve presurgical compliance

Best practices for reducing the risk of surgical site infections (SSIs) recommend that patients shower with an antiseptic before surgery. Compliance isn’t easy, but Medline can help. Our pre-surgery patient engagement system, Ready.Set.Prep., combines multimedia education and products to help your patients prepare for their procedures.

Ready.Set.Prep. is designed to increase compliance with presurgical patient bathing by giving patients tools and instructions to help them correctly follow protocols at home. The result is a standardized care experience that eliminates common barriers to presurgical compliance.

Each Ready.Set.Prep. kit includes:

- CHG antiseptic agent
- Clean shower mitts
- Timer
- One instruction card (with hook) and educational booklet.

Branded kits are also available to distinguish your facility and demonstrate its commitment to superior patient experience. For more information, please contact your Medline ASC rep or email us at ASC@medline.com.

Introducing Medline’s Prep and Pack Workstation

Make the prep and pack process more ergonomically friendly with Medline’s new Prep and Pack Workstation.

Designed to increase effectiveness, efficiency and workplace satisfaction, our workstation is completely customizable to serve a wide range of needs. Order accessories in preconfigured packages or create your own custom workspace by selecting from a full range of optional features.

Standard product features include:

- Steel construction
- Vast configuration options
- Adjustable height (electronic or manual)
- Adjustable pull-out shelves and table top

Each Medline Prep and Pack Workstation also includes a footrest and overhead lighting. It delivers fully assembled, with only minor accessory placements required, allowing you to swiftly roll it into service.

For more information, please contact your Medline sales representative or email productsupportcapital@medline.com.
Bruce Kupper’s official titles are CEO of MEDARVA Healthcare and administrator at Stony Point Surgery Center, but unofficially, he’s head cheerleader for community engagement. Under Kupper’s leadership, MEDARVA serves its Richmond, Virginia, community through a variety of local programs and initiatives, from sponsoring nonprofit fundraising events, to offering a free colonoscopy day, to providing mobile vision and hearing screenings for kindergarteners.

MEDARVA focuses on doing good in the community, says Kupper, but not so much on taking the credit. “It’s more important to be known for the quality of what you do and your impact on the community,” he says. “If you focus on quality, the branding will come.”

Your ASC’s ability to grow depends on attracting new patients. Engaging with your community shows you care and allows healthcare consumers to get to know you — and trust you — before they need you. While providing both patient education and complimentary health services are great ways to engage outside the walls of your facility, Kupper encourages ASCs to be creative to make an impact.

1. **Partner with worthy organizations.** “Be known by the company you keep,” Kupper says. MEDARVA collaborates with local organizations that deliver critical community services, such as the Goochland Free Clinic, which provides food, shelter and healthcare to vulnerable residents.

2. **Reach out to referrers and insurers.** “Primary care doctors never leave their offices, so they will never know what the surgeons at your ASC are doing,” says Toni Rice, business development officer, Radiology Associates of Richmond, and a former executive at HCA Capital Division. Reach out with information, visit their offices or invite them in, she says. “Organize lunch-and-learns and teach them about new surgical techniques.”

3. **Start a dialogue.** Encourage conversation about important issues affecting your community, Kupper says. “A few years ago, Joe Klein [writer for Time magazine] wrote about the last few months of his parents’ life. We feel one of our jobs in the community is to stimulate conversation, so we invited Joe to speak. Nearly 400 people attended. We’ve also hosted debates between congressional candidates.”

4. **Focus on value.** Communicate the value that your ASC brings to the local healthcare system, Kupper says. Price transparency, low rates of surgical infections, minimally invasive techniques and shorter rehabilitations add value for healthcare consumers. For example, “Out-of-pocket costs for patients can be significantly lower than at hospitals,” says Rice. “This is a tremendous community benefit,” especially as patients bear more of their healthcare costs.
Refurbished Medical Equipment from DRE

**WHY CHOOSE REFURBISHED?**
- Maintain equipment consistency.
- Avoid new training sessions.
- Proven popular equipment with industry support.
- Save 30% to 70% versus new equipment.
- 30 years of proven industry experience.
- Certified biomedical engineers.
- Cosmetic detailing.
- 1 year warranty.

**WHY CHOOSE DRE REFURBISHED?**

Medfusion and Baxter
**Syringe Pumps**

Anesthesia Machines
from GE and Drager

Patient Monitors
from Philips, GE, and Datascope

Popular Steris and Skytron
**Operating Room Tables**

Philips, Lifepak and Zoll
**Defibrillators**

Electrosurgical Generators
from Valleylab

Contact your Medline representative to learn more. 1-800-MEDLINE
In the last issue of *Outpatient Outcomes*, we introduced South Shore Ambulatory Surgery Center, located on Long Island in Lynbrook, New York. At the time, South Shore had just agreed to move forward with Medline’s Complete Delivery System (CDS) to streamline its supply management processes.

We checked back with South Shore’s Chief Operating Officer, Phil Meyer, in June (about one month after implementation) to see how the new system was working. His first comment was, “I’m a fan. To put a word on it, the entire process has been a success — from concept to trial to reality.”

"The best part of the new system is how we’re finishing our cases early for the day, which creates cost savings on many different levels.”

– Phil Meyer, Chief Operating Officer, South Shore Ambulatory Surgery Center
Customizing a solution
South Shore’s customized Complete Delivery System (CDS) was based on Medline’s Lean Assessment of the surgery center, which provided a thorough analysis of clinical, logistical and financial opportunities for improvement. The final plan proposed solutions to:
• Add efficiencies to procedures
• Shorten setup and cleanup times
• Reduce supply picking time
• Maximize storage space
• Eliminate redundant products

The main change South Shore implemented was to incorporate 63,324 individual supplies into five surgical modules: standard shoulder, foot, knee and hand modules, and one physician-specific shoulder module. Each module contains all the components to perform one surgical case.

Seeing results
The new surgical modules significantly reduce the time South Shore staff spend picking individual supplies for each surgical case. Now they only need to pick one item — the module — per procedure.

In addition, the custom shoulder module includes items specifically selected by a surgeon who performs a large volume of shoulder cases at South Shore. Medline worked closely with both the surgeon and ASC staff to develop the module — and the results have exceeded expectations. After finishing his first case using the custom module, the surgeon repeatedly told Meyer and other surgeons that it was the best surgical pack he had ever used.

“When something works, people really notice,” Meyer says.

In the future, South Shore anticipates developing more physician-specific modules for surgeons with high volumes of cases, Meyer says.

“The best part of the new system is how we’re finishing our cases early for the day, which creates cost savings on many different levels,” he adds.

Because overtime pay for staff kicks in after 3:30 p.m., no overtime is needed when surgeons can finish on time or early for the day.

Another timesaver? Modules are color-coded per procedure, which makes picking even quicker. Case setup, circulator and clean-up supplies are consolidated in the CDS modules alongside the custom pack, allowing staff to pull just one module instead of many individual items.

“There’s a cost associated with every movement in the operating room,” Meyer says. “Medline has saved us many steps, and we couldn’t be happier.”

“When something works, people really notice.”
— Phil Meyer, Chief Operating Officer, South Shore Ambulatory Surgery Center
Utilizing patient satisfaction surveys to monitor the cleanliness of a patient room can help measure a job well done. However, just because a room looks and smells clean, does not mean it has been properly disinfected. The healthcare environment must be both clean and disinfected to reduce the risk of microbial cross-contamination.

Environmental cleaning is an important component of a complex infection control strategy. Yet outpatient facilities have traditionally lacked infrastructure and proper resources to effectively implement a standardized environmental cleaning program. Recent government pressure, however, has motivated facilities to change their way of thinking.

Though the implementation of a robust environmental cleaning strategy may be daunting, these tips can help you develop an effective plan for your facility.

Get everyone involved.
All clinical staff must have a stake in implementing the plan. As part of your infection prevention program, the infection preventionist (IP) will help drive participation and motivate staff. That includes encouraging procurement of appropriate EAP-registered supplies and products to support best practices as well as collaborating with leadership and staff to ensure compliance. Clinical education for anyone with environmental cleaning responsibilities
is a crucial component of an effective environmental services (EVS) program. Training can be accomplished in numerous ways, but competency testing that involves direct observation must be part of the program. Direct observation is the most important part of the training process, because it allows for immediate feedback and coaching. Just because staff have been trained does not mean they can demonstrate competency in performing a particular procedure.

Establish written policies and procedures.

To avoid confusion around cleaning responsibilities, there must be clear, written expectations on cleaning tasks for all staff members. Try developing a chart that highlights pictures of each surface and device and identifies who is responsible for keeping them clean. Is it an EVS or nursing responsibility? Make sure this tool is easily accessible, not locked away in an office.

Document set procedures for cleaning and disinfecting spills of blood, body fluids and other infectious substances. Procedures should be detailed and easy to understand. Displaying posters or laminated cards can help keep the policies top of mind for staff.

Audit products.

An effective environmental cleaning plan requires high-quality products. Most cleaning cloths and mops are made from either cotton or microfiber. Make sure that the material of the cloth or mop is compatible with both the chemical and the cleaning method. In addition, the disinfectants and detergent/disinfectants must be registered by the Environmental Protection Agency and labeled for healthcare use. The microorganisms that will be killed by the chemical or germicidal wipe should be listed on the side of the container.

It is important to know which types of microorganisms the products will kill as well as its contact/kill time — the amount of time the surface being cleaned needs to remain wet with the disinfectant to effectively kill microorganisms. When evaluating cleaning and disinfecting products, look for a product that will kill the largest number of microorganisms in the shortest time. Train staff on the use of each product, especially the kill times.

As always, ensure compliance with manufacturer instructions. Failure to do so could result in inadequate cleaning and disinfection of surfaces and devices.

Monitor efforts.

An EVS program should include at least two monitoring methods. Here are several options to consider.

Direct observation: Observing the cleaning process as it is being performed allows you to evaluate adherence to the procedure and provide real-time feedback.

Fluorescent markers: Fluorescent gel is the most popular marker. The gel is applied to high-touch surfaces before the area is cleaned, dries transparent and resists abrasion, allowing you to evaluate cleaning practices objectively and quantify the impact of educational interventions.

ATP (adenosine triphosphate) bioluminescence: ATP testing measures the organic ATP on surfaces using a luciferase assay and luminometer, enabling facilities to quickly assess the efficacy of their cleaning methods. The food industry has used this method for more than 30 years to evaluate the cleanliness of food preparation areas.

While outpatient facilities vary greatly in the number of resources dedicated to infection prevention and environmental cleaning, it is crucial for all healthcare providers to create a tangible plan. With everyone’s participation and commitment to enhancing disinfection practices, you can develop a strong culture that facilitates both a safe environment and better patient outcomes.

3 TECHNOLOGIES TO ENHANCE YOUR EVS PROGRAM

If you feel like your manual EVS process needs some extra reinforcement, you might consider these novel no-touch decontamination technologies currently on the market:

- Aerosol and vaporized hydrogen peroxide
- Mobile devices that emit continuous ultraviolet (UV-C) light
- Pulsed xenon UV light systems

With growing evidence that they can improve terminal cleaning, these technologies are finding their way into cleaning protocols for ORs and in areas where C. diff or multidrug resistant organism (MDRO) contamination has occurred.
THE AGE OF M&AS

4 trends driving hospital-ASC partnerships – and how surgery centers can support a successful integration

Ambulatory surgery centers — once the stronghold of physician independence — are being swept up in the wave of healthcare mergers and acquisitions (M&As).

More centers are selling equity to management companies and hospitals, while national chains are making million- and billion-dollar deals. In 2015, Tenet Healthcare Corp. combined with United Surgical Partners International to form the nation’s largest provider of ambulatory surgery.1 Last year, AMSURG merged with Envision Healthcare.2 In January, Optum announced a $2.3 billion deal to acquire Surgical Care Affiliates.3 With such a momentous shift in the ASC landscape, what can surgery

---

1. [Source 1]
2. [Source 2]
3. [Source 3]
center leaders expect as competing centers consider M&As — and their own centers face the same decisions?

For more insight into the M&A landscape for ASCs, we consulted Sg2, a healthcare consultancy that provides analytics, intelligence, consulting and educational services for healthcare providers worldwide. Here, Sg2 outlines some of the biggest trends and roadblocks to overcome related to one of the most common ASC M&A transactions: a hospital and ASC joint venture.

Four trends driving M&As
Mergers and acquisitions are transpiring in all areas of healthcare, from the payer level down to individual physician practices. For ASCs, M&As can take many forms: a joint venture with a hospital, a three-way joint venture with a hospital and a management company, or a merger of two centers. As ASCs consider these partnerships in the increasingly competitive healthcare landscape, there is no shortage of takers — especially among hospitals and healthcare systems.

Sg2 data show four major trends driving M&A activity at ASCs.

Physician alignment efforts. Hospitals are actively employing physicians of all specialties, including primary care practitioners. Rather than be alienated from or compete with these referral streams, many ASCs are choosing to partner with hospitals.

Meanwhile, physicians want to perform procedures in ASCs, which tend to be more efficient than hospitals and allow them to take on a larger caseload. It’s advantageous for a hospital to have an ASC partnership — employed physicians are happy they have the option to perform procedures in a surgery center, and hospitals profit from the additional revenue stream of outpatient cases.

Migration of inpatient services. The volume of outpatient surgery cases is expected to increase 9 percent by 2022 and 22 percent by 2027, according to Sg2 projections. The increase is due not only to the outpatient setting. Advances in surgical technology and training mean that more complex — and profitable — procedures can be performed in a cost-effective ASC setting.

This trend is particularly true of orthopedics and spine. The volume of inpatient lumbar and thoracic fusions is expected to drop 8 percent over the next five years, and inpatient total knee replacement volume is expected to drop 4 percent over that same time period, according to Sg2 projections. Alternatively, it is becoming more common for procedures such as discectomies, joint replacements and fusions to be performed in an outpatient setting. As a result, hospitals that want to remain relevant in high-value specialties like orthopedics and spine may benefit from ASC partnerships. “If hospitals can’t perform outpatient surgery at an affordable cost, they are at risk,” says Kristi Crowe, vice president of Sg2.

Patient agency. The cost of healthcare is rising, and patients are shoulder more of the financial responsibility for their care. That increased responsibility is the impetus behind the unprecedented surge of consumerism in healthcare. Patients want to know how much their care is going to cost, and they are shopping around to find the best deals.

Data show that ASCs will invariably beat out hospitals on price when performing outpatient procedures, and hospitals are...
recognizing the value of having a cost-effective partner. Funneling patients into the proper setting drives down costs for both consumers and healthcare providers.

**System of care linkages.** A partnership between a hospital and an ASC can help both stakeholders improve patient access to services. Hospitals have increasingly invested in multi-disciplinary services across the care continuum to maximize access points and build loyalty among consumers. Services such as urgent care, diagnostics, rehabilitation, physician clinics and virtual care options offer a wide array of channels to build the brand of services. ASCs offer yet another efficient, consumer-friendly option in that system of care.

**Overcoming roadblocks to hospital and ASC integration**

According to Crowe, every merger or acquisition should be a data-driven, financially sound and strategically relevant partnership that is attractive to patients, payers and physicians. Instead of rushing into a deal because of competitive or financial pressure, ASCs and their potential partners must take the time to lay the groundwork for a successful relationship. Each deal is unique, but research shows that ASCs can ensure positive transition and prevent integration-related issues through the following actions.

**Strong administrator involvement.** No one knows more about what it takes to keep a center running smoothly than its administrator. Input from a strategic administrator can be invaluable during the acquisition process. “Successful administrators will prepare the partnership for what is happening now, and for the future,” says Crowe. “If you’ve built something that works today, it may not tomorrow.”

An administrator will have the strategic insight and business development savvy to look
The fundamental goal is for both the ASC and its partner(s) to work together to provide patients with high-quality, cost-effective care. “It can be very easy to look at a singular node of care in the larger continuum, but it is important for organizations to consider the broader system of care and ensure they are meeting the needs of the patient,” says Kristi Crowe, Vice President, Sg2.

What comes next?

Of course, ASC independence is never off the table. Many centers can and will continue to operate without participating in an M&A transaction, but M&As remain a big trend that continues to impact ASCs of all sizes.

Data show a smooth, well-executed merger between a hospital and ASC can facilitate improved clinical and financial outcomes for both partners. From the hospital perspective, outpatient clinical outcomes benefit from the ASC setting’s lower infection rate and higher levels of efficiency and cost savings. From the ASC perspective, access to hospital contracting and hospital referral sources contribute to a higher caseload and profit margin. Consumers likewise gain easier access to the continuum of care, backed by the joint resources of a hospital and ASC.

Still, to be successful, M&A partners cannot operate in distinct silos once a deal is made, Crowe says.

Management companies can also be a significant resource when it comes to negotiating payer contracts. ASCs can offer operational strengths and a lean profit margin, but leaders on all sides need to have a firm understanding of what each one does best.

From there, the hospital and ASC must find a strategy for effective patient segmentation. Which procedures should be done in the hospital, and which should be done in the ASC? Once established, the patient segmentation process must be seamless for scheduling physicians and patients to navigate.

The fundamental goal is for both the ASC and its partner(s) to work together to provide patients with high-quality, cost-effective care. “It can be very easy to look at a singular node of care in the larger continuum, but it is important for organizations to consider the broader system of care and ensure they are meeting the needs of the patient.” — Kristi Crowe, Vice President, Sg2

References:

DID YOU KNOW?

According to Sg2 projections:

- The volume of outpatient surgery cases is expected to increase 9 percent by 2022 and 22 percent by 2027.
- The volume of inpatient lumbar and thoracic fusions is expected to drop 8 percent over the next five years, and inpatient total knee replacement volume is expected to drop 4 percent over that same time period.

through all the ramifications of the partnership, both positive and negative. How will physician relationships be affected? Is the center prepared for an increased caseload? What co-located services should be considered? The success of a deal hinges on the answers to these and other strategic questions.

Honest evaluation of strengths.

Hospitals bring strong payer relationships and contracts to the table. Management companies can also be a significant resource when it comes to negotiating payer contracts. ASCs can offer operational strengths and a lean profit margin, but leaders on all sides need to have a firm understanding of what each one does best.

From there, the hospital and ASC must find a strategy for effective patient segmentation. Which procedures should be done in the hospital, and which should be done in the ASC? Once established, the patient segmentation process must be seamless for scheduling physicians and patients to navigate.

For more information on M&A trends impacting ASCs or the data used for this article, email membercenter@sg2.com or ASC@medline.com.
MEETING IN THE MIDDLE

Organizations must avoid supply chain fragmentation and loss of efficiencies that can ensue following a merger or acquisition, says Kristi Crowe, vice president of the healthcare consultancy Sg2. With a likely ASC majority ownership from the hospital, ASC administrators may face changes such as using the hospital’s historical supply contracts and GPO, financial system and shared staff.

There can be benefits in sharing resources and contracts; however, a hospital and a surgery center may have very different cost accounting methodologies and processes in place. ASCs, given their “focused factory” capabilities, often have curtailed the use of expensive supply chain items not shown to improve outcomes. They may also have developed more granular cost accounting methodologies, and employed and developed staff familiar with the fast-paced ASC environment.

This is a great opportunity for a strategic ASC administrator to speak up, Crowe says. Leverage how your ASC can take advantage of the contracts the hospital brings to bear, while keeping your center’s supply chain, operating efficiencies and billing practices streamlined using the effective systems that may be already in place.

“In an ASC-hospital merger, surgery centers should not be completely enveloped by the hospital,” Crowe says. “Understanding and leveraging each partner’s strengths is critical in the successful implementation of this increasingly common strategic alliance.”
Information-sharing platforms such as electronic health records and mobile apps are providing caregivers access to more information than ever before. Yet ensuring that physicians and specialists are effectively communicating with patients remains a challenge.

As integrated delivery networks (IDNs) strive to be comprehensive-care enterprises, with ambulatory surgery centers increasing their contributions and roles in care, building effective channels for communication will be a key part of delivering a continuity in care for patients.

Reading between the lines
One concern with electronic communication tools is that they will eliminate the need for face-to-face meetings and phone calls. Notes and data can be updated and accessed by different users without any deeper exchange of ideas.

“Use of EHRs and internal health information exchanges often gives the illusion of communication,” says Michael Oppenheim, M.D., chief medical information officer at Northwell Health, a 21-hospital IDN in New Hyde Park, New York. “It’s not the same as having a dialogue during which questions are asked and thinking is expanded.”

Oppenheim says IDNs must stress the importance of dialogue among their clinicians while seeking ways to effectively use technology. He looks forward to a day when secured handheld devices are used to access the electronic notes of Dr. A by Dr. B, who can then use a tap, swipe or voice command to have a video conference call with Dr. A. Think of it as FaceTime for physicians.

Until then, IDNs like Northwell are taking other steps to broaden the scope of what is communicated between physicians and outside facilities. Oppenheim’s organization is teaming up with an urgent care center joint-venture partner to supplement standard clinical data contained in CCDAs (consolidated clinical document architecture). The goal is to address communication breakdowns that can occur when patients receive treatment at multiple facilities.

“In addition to the standard CCDA data, we decided to exchange full documents that provide narratives showing what urgent care center staff were thinking when they treated patients,” he says. “Having that information helps ensure effective follow-ups by primary care physicians.”

Suzanne Hinderliter, vice president of telehealth services at OSF HealthCare, faces similar challenges at her faith-based, 11-hospital healthcare system in Peoria, Illinois.

“Patient handoff is where we see a lot of opportunity for staff to communicate...
“Regardless of where care occurs, ASCs need to operate as part of a coordinated system.”

— Andy Whitener, Facility Administrator, Gainesville Surgery Center

important information about the medical, emotional and spiritual needs of patients,” says Hinderliter, who emphasizes the growing role of EHRs in providing nonmedical patient information, such as employment status and domestic issues that can lead to anxiety and depression.

“Our organization is going through a primary care transformation; we’re looking at embedding behavioral specialists in some practices,” Hinderliter says. “The behavioral therapist would meet with a patient experiencing depression or anxiety and willing, we want to share as much as we can,” Oppenheim says. “Patient portals can allow access to a lot of information, including physician notes.”

ASC administrators must also recognize their evolutionary role in providing connected care, says Andy Whitener, facility administrator at Gainesville Surgery Center in Gainesville, Georgia.

“Regardless of where care occurs, ASCs need to operate as part of a coordinated system,” Whitener says.

He recommends ASCs focus on improving patient communication related to cost of care for procedures and wait-time notifications.

“At most ASCs, the cost of care and surgeries can be closely determined, enabling greater cost transparency; and, while wait times are affected by surgical factors, all ASCs can improve wait-time angst by notifying patients when delays occur,” Whitener says.

Technology that allows patients to access some healthcare services remotely can also contribute to improved care coordination and patient satisfaction. OSF HealthCare uses a mobile app by SilverCloud Health, a digital behavioral health company, to keep patients connected and provide more convenient access to care, Hinderliter says.

“We’re striving to provide the same quality and level of care throughout our system, including rural hospitals where we may not have specialists or large tertiary and quaternary care facilities,” she says. “We’re also doing more in the way of telehealth services and consults so that patients receive that same level of care in their home communities, which we know results in better outcomes.”

REFERENCES

Surgical Care Affiliates uses case costing tools to improve financial transparency — and its bottom line

Do you know the true cost of performing procedures at your surgery center on a per case basis?

Having a firm grasp on cost is a universal best practice in business. Yet ambulatory surgery centers are known for struggling in this area, especially when it comes to case costing, explains Amanda Frith, vice president of supply chain operations for Birmingham, Alabama-based Surgical Care Affiliates (SCA).

“For most surgery centers, costing at the case level is not part of the overall management process,” Frith says.

Some centers don’t even know if they are covering their costs, she notes. That’s changing, however; and SCA is at the forefront of the trend.

“We’re finding that the demand for data and the tools for capturing data are growing,” Frith says. “These developments are important because, as concern around the escalating costs of healthcare grows, facilities have the opportunity to understand the exact costs to perform a case and leverage that data to identify opportunities to reduce costs.”

The power of data

With 200 surgery centers nationwide, SCA is one of the largest providers of outpatient surgery in the United States. About 30 of its facilities are now actively capturing cost per case (CPC) data, Frith says.

“Facilities have the opportunity to understand the exact costs to perform a case and leverage that data to identify opportunities to reduce costs.”

— Amanda Frith, Vice President of Supply Chain Operations, Surgical Care Affiliates
The organization’s costing efforts gained traction in 2013 when it developed its ECO (Every Case Optimized) enterprise tool, which combines procurement, inventory management and case costing with its reporting tool.

“ECO is the mechanism that allows us to capture supplies and labor associated with each surgical case, and our reporting tool is a business intelligence solution that enables us to build impactful, easy-to-use reports with the ECO-captured data,” Frith explains.

The reports are housed in a company portal, where all SCA surgery centers can retrieve them.

“Facilities can determine savings opportunities by accessing the portal for data on cost per case, margins and supply-cost differences by physicians,” Frith says.

Such tools didn’t exist when SCA first developed ECO — but they do now. ENVY™ by IOS Corp. and the Hybrent platform by Hybrent Inc. are two enterprise solutions currently being marketed to surgery centers. Both cite lower costs and improved efficiency in the supply chain as part of the value they bring to ASCs.

Still, the value of CPC data will vary for different centers, Frith says. Case costing efforts that make sense for large multispecialty centers with different cases and a large physician population may not add the same value for a single-specialty center or smaller facilities that aren’t at capacity, she explains.

Uncovering efficiencies
To what extent do physicians want to get involved with costing?

“They crave this data,” says Frith.

“Surgeons are often sold implants, supplies and equipment in the operating room, and cost is not part of the conversation. In my experience, most surgeons are very interested in understanding their case costing. They also love to see their costs relative to other surgeons.”

When data are put to good use, the results are significant. For SCA, successes include the following:

- A multispecialty center achieved $100,000 in annual savings after having all its top spine procedures evaluated and costed out using ECO, Frith says. “We worked with the center’s suppliers to cap them at an even price point, and we also added a direct vendor to achieve the savings.”
- An SCA center achieved $50,000 in annual savings by partnering with the company’s administrative staff to manually gather case costing data. The center used the data to evaluate the costs of the its total joint replacements versus the CPC benchmark in the SCA network.
- Foot and ankle surgeons at a multispecialty center selected four vendor partners after data revealed that technique and vendor selections can cause huge swings in CPC — “sometimes up to $6,000 for the same procedure,” Frith says.
- A large orthopedics center eliminated an expensive bone-graft substitute after attaining and analyzing implant CPC per doctor in the center’s sports medicine area. “Data allowed physicians to drive conversations that resulted in evaluating techniques by other doctors, alternate tissue vendors and supplies,” Frith says.

3 TIPS FOR SUCCESSFUL CASE COSTING

From Amanda Frith, Vice President of Supply Chain Operations, Surgical Care Affiliates

1) Share data with physician partners. “They have the power to change many of the cost inputs to their cases.” Present data during partnership meetings with the goal of identifying strategies for reducing costs.

2) Start with a few changes. Whether it’s implants, supplies or staffing, Frith says, “If you can boil the opportunities down to a couple of things, it will lead to more pointed and data-centric conversations, and your chances of success will be greater.”

3) Commit to use the data. “Unless your ASC is committed to using the data, it’s likely not worth all the hard work necessary for capturing the information.”
Joining forces

When self-insured employers partner with ASCs, both sides win.

With increasing frequency, ambulatory surgery centers and self-insured employers are realizing the cost-saving potential of working together to serve healthcare consumers.

A 2016 Employee Benefit Research Institute (EBRI) report found that the percentage of private-sector establishments offering at least one self-insured health plan has increased from 28.5 percent in 1996 to 39 percent in 2015. Meanwhile, ASCs have gained ground as a hospital alternative for surgical procedures; surgery centers now perform more than 20 million procedures annually, while the number of outpatient surgeries performed in hospitals has declined.

Mike Ferguson, president and CEO of Self-Insurance Institute of America Inc. (SIIA), notes the recent rise in relationships between self-insured employers and ASCs. “We’re hearing of more employers with direct-negotiated arrangements with surgery centers and other outpatient centers,” Ferguson says.

Jim Millaway has also seen an increase in these partnerships over the past three years. The co-founder and CEO of The Zero Card, a marketplace for self-insured employers, and senior benefits consultant for HUB International, gives the example of Surgery Center of Oklahoma, which has only one active Preferred Provider Organization contract. “The ASC operates almost entirely on cash payments and employer-direct contracts,” he says.

Increased efficiency and patient volume

Partnering with self-insured companies offers ASCs operational and financial benefits.

Ferguson explains, “Surgery centers have less administrative overhead. They appreciate self-funded payers because they can avoid the insurance company mechanism, and claims get paid promptly.”

When companies steer employees to contracted ASCs, surgery centers may also gain an influx of new patients. “Because self-funded plans have the flexibility to contract directly with the ASC, each employee is a direct customer for the center,” Ferguson says.

Still, ASC chains with a wider reach are better positioned than single surgery centers to do business with self-insured employers. Many large companies have employees in multiple states; therefore, they need a partner.
with locations across the country.

A win for employers

Employers negotiate ASC partnerships for cost savings and improved quality of care. Employees not only receive low-cost or no-cost treatment at surgery centers, they may receive higher quality treatment for certain conditions.

“If you’re a surgery center and all you do is knee surgeries, presumably you have a certain level of expertise in that area.” Ferguson says. “If the employer can get a better deal, and the service is as good or better, it’s a plus for everyone.”

Companies can also pass along cost savings to employees.

“With direct contracts, the prices are so competitive, employers can turn savings into a new benefit,” Millaway says. “An employer can design its plan so that if employees use the ASC, they have no out-of-pocket cost. That’s a huge benefit. Rarely does a benefits manager have an opportunity to cut costs and improve benefits at the same time.”

As more employers offer high-deductible health plans as part of their benefits packages, employees may also face more choices when they need care. Providing a high-quality, no- or low-cost option can make those decisions easier.

Bundled-rate billing

In terms of billing arrangements, “bundles resonate better in the marketplace,” Millaway says. “A CFO may not understand fee-for-service. They want to buy healthcare like they buy products and services from other vendors. They want everything rolled in to one price.”

With a bundled rate, the surgery center simply sends the company an invoice for the total bill — no explanations of benefits, no separate bills for the surgeon, the radiologist, the facility and so on. For example, Surgery Center of Oklahoma charges $15,499 for total knee replacement surgery, according to its website. That rate includes facility, surgeon and anesthesiologist fees, an initial consultation and “ uncomplicated” follow-up care.

Negotiating bundled rates enables ASCs to reduce paperwork. Additionally, by keeping the provider network confidential and proprietary, centers can avoid a difficult conversation with a health plan that may want the same rate. If trends indicate, self-insured employers will continue to shift care toward ASCs, Millaway says.

“The uncertainty with the Affordable Care Act has proven to employers that meaningful healthcare reform is not going to come from Washington,” Millaway says. “It’s going to happen employer by employer, community by community.”

REFERENCES:

2. ASCs: Why they are becoming the darling of the healthcare industry. Joan Dentler. (Becker’s ASC Review, November 8, 2016).
Surgeons and staff at Algonquin Road Surgery Center in Lake in the Hills, Illinois, focus on close collaboration among patients, physicians and other healthcare providers in the community to ensure the best surgical experience and outcomes for everyone. Lori Callahan, director of Algonquin Road Surgery Center, says, “Our ASC provides a lower cost alternative for patients versus higher-cost surgical procedures performed in a hospital setting.”

Patients having surgery at Algonquin Road experience fewer delays and rescheduling of procedures compared to a hospital setting, Callahan notes. That is because hospitals offer a wide variety of interrelated services. For example, if a patient comes into the hospital emergency room needing a lifesaving appendectomy, he’ll be triaged for surgery ahead of a patient who was scheduled in advance for a planned cholecystectomy. That situation can’t happen at the ASC, she says.

Algonquin Road patients also benefit from physicians who can spend more one-on-one time with their patients. In the case of some of the ASC’s orthopedic patients, physical therapists and surgeons begin working together before surgery to coordinate care. The PT, patient and physician communicate throughout the procedure, from pre- to post-op. PTs are invited to observe surgeries, and they interact regularly with the physicians to confirm they are following the same protocols for standardized, optimal care.

By providing more individualized care, the ASC facilitates improved clinical outcomes and optimizes patient experience, Callahan says. “Everyone — including the patient — works together to ensure the best outcomes,” she says. “More informed patients make better decisions as they work toward total healing after surgery.”

REFERENCES:
Are You Confident in Your Gown Mix? Be Sure.

40% OF HIGH-FLUID PROCEDURES USE THE WRONG GOWN*

Find Out How You Compare. Validate your gown program with an objective assessment at no cost.

As the industry-leading provider of surgical gowns, we'll analyze your gown mix and benchmark it against our nationwide data.

The result: A validated gown program to help ensure your best practice expectations are met.

Benchmark your gowns today. Visit Medline.com/GownBenchmarking.

*Based on an internal review of national data. © 2017 Medline Industries, Inc. All rights reserved. Medline is a registered trademark of Medline Industries, Inc. MKT1781520 / 31
WHEN SAFETY COUNTS AND MINUTES MATTER

**SANI ProZyme™**
Enzymatic Detergent

- Highly Concentrated
- For use with surgical instruments and flexible endoscopes

**Rapicide® OPA/28**
High-Level Disinfectant

- 28 Day Reuse
- 5 Minute AER Disinfection
- 10 Minute Manual Disinfection

**STEAMPlus®**
Class 5 Integrators

- For the release of non-implant sterilized devices

CONTACT YOUR MEDLINE SURGERY CENTER REPRESENTATIVE TO LEARN MORE.
1-800-MEDLINE • www.medline.com/asc