

SITUATION

A multi-specialty surgery center had been open for ten years and things were going well. The investors had made back their original investment and were receiving distribution checks. A local RN had helped the founding partners open the center, successfully, obtain the state license and had been overseeing operations and reporting directly to the Board as their administrator for the life of the partnership. The administrator appeared to run a tight ship.

Last summer she notified the Board that her husband was being transferred and she needed to resign her position, in order to relocate the family to another state. After conducting a search, the Board decided that the current clinical manager, who everyone loved, would be offered the administrator position; she accepted, but was honest about her lack of administrative experience and business skills. The Board assured her they would support her in any way they could during the transition.

By the time the decision was made, the administrator was only going to be in town for a couple of weeks and she had already accepted another position in her new town and wouldn't be available to offer much in the way of training. The Board actually knew very little about the day to day operations of the center. Since the center appeared to be profitable, efficiency was great and satisfaction was high, they rarely asked many questions or overruled any decision or recommendation made by the administrator.

“ASC Strategies identified the areas of our surgery center operations that needed improvement. They have successfully worked with our staff to make changes and have provided training and support that will help our physician investors secure their Center’s profitability, longevity and compliance. It was a great investment in our future.”

JAMES DEMOPOULOS, MHA

Chief Executive Officer

*OrthoMaryland / Greenspring
Surgery Center*

ENGAGEMENT

ASC Strategies was engaged by the Board after the new administrator told them she wanted to return to her clinical position because she didn't feel she was doing a good job as the administrator. She was very frustrated; trying to figure out what her priorities should be, searching for resources, learning the business processes and feeling that she had not received the training and support she was promised when she accepted the position. The Board didn't want to lose her, but they also didn't know how to help her.

In the course of the engagement ASC Strategies:**Operational Assessment and Staff Mentoring**

The ASC Strategies team did a thorough review of the Center's clinical and business processes (including scheduling, verifications, coding, billing and collections), vendor and payor contracts, the materials management processes, compliance, and staffing levels and compensation. In addition, the Board asked ASC Strategies to evaluate their new administrator and let them know what her strengths and weaknesses were and if she was actually the right person for the job.

Once the assessment was complete and the recommendations shared with the Board, it was obvious that there were more problems with the Center than anyone knew. It was not surprising that the new administrator was overwhelmed. She had the enthusiasm and intelligence to be an even better administrator than they had initially; she just needed training, support and someone who knew how to run an ASC to help her.

The Board asked ASC Strategies to remain involved with the Center for six months after they received the results of the assessment, to mentor their new administrator and provide her a focus and the tools she needed to be successful. To save expenses ASC Strategies performed a large part of this phase of the engagement off-site, with access into the Center's IT system and with regular contact with the administrator and Board president.

OUTCOME

Initially, ASC Strategies worked with the Administrator and Board to address many of the issues that were uncovered as problematic in the assessment, such as: staffing costs that were 45% of revenue, AR collections that were running well over 60 days, and agreements signed with vendors high above what most Centers were paying for the same service. Throughout the re-engineering process the administrator was involved and listened to, but also tasked with following through on decisions, with ASC Strategies shadowing her, giving advice on how to address the issues most effectively.

By the end of the six months the staffing costs had been reduced to 30% of revenue and were on their way down. Accounts receivable collections were staying in line with the industry benchmark of under 45 days. Vendor contracts were renegotiated to get better pricing and service for the Center. ASC Strategies also uncovered and corrected many issues at the Center that were out of compliance and that put the Center in jeopardy of sanctions from CMS or the State—including incorrect coding of claims that were being submitted.

The administrator has just had a positive one year evaluation and is in the processes of renegotiating the Center's third party payor contracts and the investor's distribution checks this year will be at an all time high.