

## GROWING YOUR ASC: Q&A WITH ROBERT ZASA

By Renee Tomcanin

**Q:** Solid business fundamentals are essential to the success of ASCs. What can centers do to ensure their processes are running as effectively and efficiently as possible?

**Robert Zasa:** Case costing remains as important as ever. At our centers, we are currently running some spring housekeeping to see where we can reduce items we buy. For example, we may see a reduction in reimbursement from HMOs when it comes to surgical implants. In this case, we go back to the payor and try to renegotiate rates. We will be honest with the payors and explain that we can't afford to do the cases at the current rates, which will, in turn, force them to go back to the hospitals and pay a higher rate. Often, we will be able to negotiate a new rate.

Aside from reviewing case costs and reimbursement rates, we look at all areas of the practice, including staffing costs, suppliers, etc., to see what we can do to get better pricing. Recently, we've been able to work with our GPO to contract for more items on more of discount. We've also shopped distributors to see if we can get better pricing. Overall, though, staffing and supplies account for the biggest variable costs in an ASC, and we make sure we are reviewing these areas.

**Q:** ASCs continue to have concerns over falling reimbursements, as they have in the past. How can ASCs make sure that they are receiving adequate reimbursement on their cases and what should be done to improve these rates?

**RZ:** As with case costing, ASCs should review their reimbursements per case. At our centers, we review one specialty every month so that it becomes a routine practice. We also perform a retroactive contract analysis of the top 20 or so procedures at our ASCs by CPT code. The top 20 codes will typically represent 80 percent of your business at your ASC.

Using these codes, we perform a payor breakdown, including case volume per payor, so we can track any disparities among the rates. You want to make sure you have a good sense of what you are doing per payor.

For example, you might discover you are doing 200 cases for Cigna at \$100 and 300 for Blue Cross at \$50. This way you can see what insurers are more profitable for your center and which ones it may be necessary to renegotiate with.

ASCs should also receive annual notification of changes in reimbursement from payors, so that they can prepare for significant changes.

**Q:** What opportunities for growth exist for ASCs currently? Are there any new developments or procedures beneficial to service lines in ASCs?

**RZ:** One opportunity we've taken is to go back to our existing physicians to make sure that they are maximizing the use of the center. We have also examined CMS's list of newly approved procedures for ASCs and ask our physicians what they are willing to or want to learn. For example, we had a general surgeon say he was interested in learning new endoscopic procedures. We already had the equipment for other specialties, so it was worthwhile to have the surgeon train on the new techniques and add them to the ASC. Keeping constant communication open with your investors will help you to gauge the interest of your surgeons.

Spine and retina also remain popular new areas for growth, and, again, we add these specialties according to physician interest. Retina is now paid by Medicare, so it can be a profitable addition for ASCs. We've had outside surgeons from other ASCs come in and demo these areas for our surgeons, and if there is interest we look into adding the procedure.

**Q:** Reports have shown that more new physicians are choosing the hospital setting over private practice. How can this effect the ability of ASCs to recruit new physicians?

**RZ:** Hospital employment can be good for ASCs that are in joint ventures with hospitals as it means new physicians will continuously be added on to the center. ASCs can also benefit in entering into joint ventures with hospitals, as the recruiting office will see the surgery center as key to attracting new surgeons. For instance, a hospital may be attracted to a new orthopedic surgeon, and the ASC can help bring the surgeon in because it can offer a place where he or she can work and have ownership.

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