

In Search of the Perfect ASC Administrator

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The keystones of successful ASCs

One of the mantras that Blue Chip lives by is that surgeons make excellent business decisions if they have quality information and trust their business partners. Here's a corollary: ambulatory surgery centers (ASCs) can be highly profitable businesses if they have effective administrators.

In my 20+ years in the healthcare and ASC business, I've come to view administrators as absolutely essential to financial, operational and clinical success. Obviously, the final area is the most important. Quality patient care always comes first, but the business matters a lot, too. That's why we at Blue Chip place so much emphasis on the recruitment of experienced, multi-talented administrators as we develop new ASCs or craft plans to turn around underperforming centers.

To make sure we get the right people in place, we use detailed qualification lists, training guidelines and operating manuals that lead surgeon-partnerships to administrators who will help them build a great ASC business. Further, once ASCs are launched, Blue Chip works closely with administrators, offering support and direction to ensure the business is managed in line with best practices and proven operational benchmarks.

This article will focus on what administrators need to know and do in a few key areas:

- Financial management
- Legal, regulatory and licensing issues
- Clinical excellence

Plus, we'll share some hints about the personal characteristics of highly effective administrators.

Financial Management

Administrators must have a clear understanding of the business and financial management requirements of successful ASCs. Typically, that starts with knowledge of balance sheets, income statements and cash flow statements – the three primary financial statements used under “Generally Accepted Accounting Principles” (GAAP). Other key areas include:

Start-up: As for starting an ASC and initiating operations, administrators must know how to:

- Establish an accounting system and appropriate controls
- Understand pro-forma financial metrics used for reporting and management
- Apply depreciation to various assets
- Account for and recognize revenues
- Develop a fee schedule
- Establish and maintain productive working relationships with key supply, equipment and service providers.

Asset Management: Key concepts of which administrators should have working knowledge:

- Cash and working capital
- Inventory management
- Fixed assets.

Accounts Receivable\Accounts Payable:

Administrators are responsible for ensuring claims are distributed to Medicare and third-party payers and paid in a timely fashion, and that the ASC pays its bills, too, while keeping appropriate reserves and balances in all accounts.

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Reimbursement: The greater an administrator's knowledge of reimbursement rates and payer contracts, the more likely an ASC is to be successful. Beyond getting the big picture – that the goal is to handle large volumes of low-cost procedures with advantageous reimbursements – they should know the details of:

- Reimbursement rates for Medicare, health plans and other types of payers
- Implications of out-of-network vs. in-network
- Workers compensation cases.

Financial Management & Reporting: These factors involve the strategic management of the business and performance assessment.

- Financial analysis
- Audits/taxes
- Quarterly and year-end reporting.

Budgeting: Financial success starts with careful, accurate budgeting. Administrators will:

- Establish the budgeting process
- Define and update operational and capital budgets
- Provide variance analysis – budgeted vs. actual.

Obviously, this is a full slate of activities and responsibilities, and not every administrator will have advanced knowledge in all of them. Blue Chip provides templates and pro forma models to assist administrators in getting up to speed, and consult on an as-needed basis.

What Makes a Blue Chip Administrator?

Blue Chip's job is to help our surgeon-partners find and recruit administrators with the right skills, experience and temperament. Based on our experience with highly profitable and clinically outstanding ASCs, we have developed a clear view of what it takes:

Qualifications & Temperament: In a perfect world, administrators are registered nurses (RNs) who also hold graduate business degrees (preferably MBAs). Such people are hard to find, but the combination of degrees reflects the dual nature of the ASC administrator position. If you can't find an RN-MBA, better to have an RN, because it's easier to teach the financial side of the business than the clinical. Further, the best administrators are typically:

- Natural leaders who know how to delegate (both up and down)
- Skilled communicators, great listeners and strong motivators
- Knowledgeable about the health care industry
- Team players
- Highly organized and detail-oriented
- Calm under pressure
- Unfailingly honest and trustworthy
- Capable of answering to many people – patients, surgeons and other staff
- Eternally smiling and pleasant with patients
- Superhumanly energetic.

Recruitment & Training: Because of our large networks and long history in the industry, we know many strong candidates to call on. For many of our ASCs, we've hand-picked administrators. We often screen and verify the qualifications of candidates our partners recommend. Lastly, we train candidates to help them strengthen skills or knowledge in specific areas.

Compensation: Administrators should always be employees of the ASC business/partnership, not of Blue Chip. Compensation should include two key elements – a competitive base salary and a bonus payable at the time of profit distributions to the partners.

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Legal, Regulatory & Licensing Issues

Administrators, like everyone else in healthcare, must meet a wide range of legal, regulatory and licensing requirements. It's a huge part of the job, requiring close attention to detail and strong organizational skills, especially since regs are adjusted annually. The main areas that must be addressed:

- State certification – variations by state can make this a challenging task
- Medicare regulations for ASCs
- Governance – managing and following up on the work of patient care and medical advisory committees, and the board
- Compliance plans – state regulations for physician, employee and patient conduct
- Medical staff credentialing and privileging – including verification of records for new surgeons and ongoing updates for DEA, State Boards etc.; managing credentialing service companies.
- Employment law
- Reporting adverse events
- Taxation and pension planning
- Anti-trust, anti-kickback and self-referral laws.

It's a lot to keep up with, and that's why Blue Chip provides extra support with standard forms, document workflows and extensive record-keeping checklists.

On the plus side, administrators can play a key role working directly with legislators and regulators, and helping shape the legal landscape of the industry. Federal Ambulatory Surgery Association (FASA) and state ambulatory surgery associations are excellent outlets for administrators to advocate for the ASC.

Clinical Excellence

Blue Chip's business and clinical models reflect our passionate commitment to clinical excellence and the highest-quality patient care. Indeed, we see our role as taking care of the business so our physician partners can focus on the patients. It's our top priority, and the whole point of owning and operating an ASC. The administrator, of course, plays a critical role.

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- Determining clinical goals (e.g., patient satisfaction targets, new procedures, benchmarks) in conjunction with the Medical Director, and effectively managing resources to achieve the goals.
- Managing quality improvement processes
- Supervising and directing all ASC personnel on a daily basis
- Keeping an "open-door" policy and making rounds throughout the facility at least three times a week – administrators need to be highly visible at all times
- Maintaining collegial relationships with physicians
- Fostering a healthy working environment that promotes staff growth and development
- Ensuring adherence to ASC policies
- Serving as a liaison with other health care providers in the community, promoting the ASC's reputation and maintaining strong networks with suppliers and service providers
- Creating and implementing physician recruitment and retention programs.

As for the patient experience, administrators are most responsible for creating a warm, welcoming environment and a sense of patient intimacy. If there's a single top priority, it is being visible and available at all times to support surgeons and staff in meeting patient needs.

The Bottom Line

When it comes to the role of skilled, experienced administrators in successful ASCs, you can pick your metaphor; they are the keystone, the backbone, the heart and soul, the secret sauce, the engine that powers the business. That's why Blue Chip invests so much time and effort in finding the right administrators and supporting them over the long term. We believe they are critical to paying off the full promise of ASCs for patients, physicians and payers.



Blue Chip Partners creates and manages highly profitable, physician-led ambulatory surgery centers. Our businesses help physicians gain more control of their practice and their life in environments where they can do their best work.

Find out more about our people, passion and many successful partnerships. Contact us today. 513.561.8900 or info@bluechipsurgical.com