

The 3 C's for Spine: Keys to Success in Spine-Focused ASCs

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Blue Chip Surgical has a proven, flexible business model that works for both multi-specialty and spine-focused outpatient surgery centers. We apply a comprehensive set of best practices to rapidly launch ambulatory surgery center (ASC) businesses and manage them for long-term success. Recently, we've tailored our business and clinical models to the outpatient spine market, as that sector continues to expand, thanks to a combination of market forces, rising reimbursement rates and clinical advancements.

As a result, more physicians and hospitals are interested in developing spine-focused outpatient surgery centers, or adding spine cases to existing facilities. And while there's no doubt that the potential revenue is enticing, there are also unique challenges in contracting, case volume, operations, and ongoing management that must be addressed if outpatient spine is to thrive. When asked to outline our approach to outpatient spine, I tell Blue Chip's potential partners (both neurosurgeons and orthopedists who specialize in spine) about the "3 C's for Spine." They are:

1. Surgeon and patient comfort
2. Staff confidence
3. Collaboration with payors.

Along with the "5 C's" for multi-specialty ASCs – case volume and mix; contracting; case costing; compressed schedules and cash management – the 3 C's for Spine serve as the foundation of our proven business model in this unique and growing market segment. Read *The 5 C's: Keys to Success in Multi-Specialty ASCs*.

In our experience developing several de novo outpatient spine surgery centers, these simple but powerful concepts have laid the groundwork for both business success and clinical excellence. Further, they've also demonstrated their value as a number of our affiliated multi-specialty surgery centers have added spine cases.

1. Surgeon & Patient Comfort

In some regions, outpatient spine has become very popular – representing up to 10-15% of all spine cases. In other areas, surgeons are not yet as comfortable with outpatient spine, thanks to local biases and standards of care, the influence of hospitals and payors, and physician misconceptions about risk and patient preferences. This is gradually changing.

As more neurosurgeons, orthopedic spine surgeons and other specialists get comfortable with new tools and less invasive techniques in outpatient settings, more and more cases (including more advanced treatments) will migrate to ASCs. The clinical research conducted to date makes clear that complication rates are no higher for outpatient procedures than for those conducted at hospitals on an inpatient basis. Clinically, growth in outpatient spine is inevitable.

What we've found in launching a number of successful spine-focused ASCs and partnering with highly respected spine specialists is that patient selection is the key to surgeon comfort. Not every case is well suited for ASCs. Thus, to minimize the risk of co-morbidities and complications, patients must be evaluated on a case-by-case basis. Obesity, surgical approach and positioning issues, history of respiratory illness, and risk of sleep apnea are the main criteria. Well-defined contingency plans are also critical for reaching the appropriate comfort level with outpatient spine.

Additionally, only those cases where surgeons have suitable experience should be handled at ASCs. That's what our medical director and surgeons advise in our projects. Outpatient surgery centers are not the place to learn new techniques, especially in spine. However, the good news is that many spine surgeons quickly become accustomed to performing straightforward procedures in outpatient environments and soon bring more complex cases, like ACDFs, to the surgical center.

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The 3 C's for Spine: Keys to Success in Spine-Focused ASCs *continued*

Patient comfort is important, too. I know spine surgeons who bring all their spine patients to the ASC before surgery, either for initial pain treatments or simply to familiarize them with the facility, staff and protocols of outpatient care. Familiarity breeds comfort and significantly reduces patient anxiety.

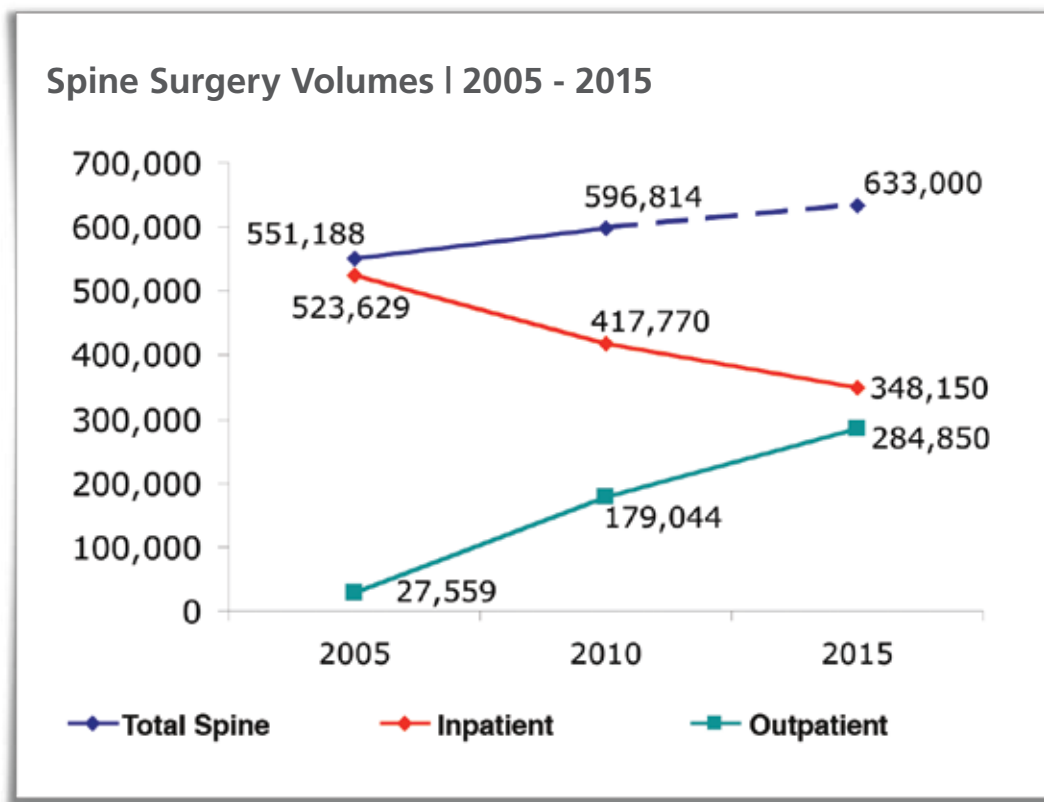
Patient perceptions are also affected by referring physicians, RNs, PAs, and the like. Because they are critical links in patient education and satisfaction, all of these individuals should be educated about the appropriateness and advantages of outpatient treatments. If one person says, "Usually these procedures require overnight hospital stays," patient anxiety will increase. That's why communication is so important.

2. Staff Confidence

This "C" is an extension of the previous one. Spine-focused ASCs need to have top-notch staff committed to the highest clinical standards. The entire staff should be strong proponents of outpatient spine and fully trained with specific procedures. Further, they should be active participants and strong team players who understand their roles. In all of our centers, if the staff or anesthesiologists are uncomfortable with a patient or case, they can veto certain cases being handled on an outpatient basis.

Staff confidence is also a matter of remaining calm under pressure, devising back-up plans for emergency transfers and trusting in those plans if complications

Outpatient Spine is Hot



Note: Inpatient Spine Procedures defined on historical base of DRGs 4, 496-500, 519-520.
Source: Solucient (Traditional) and NeuroSource/NeuStrategy

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The 3 C's for Spine: Keys to Success in Spine-Focused ASCs *continued*

arise, as they inevitably will. The good news is that ASCs often liberate surgeons to choose exactly the team they want to work with. Typically, that means skilled, experienced and confident staff the surgeons trust.

3. Collaboration with Payors

Because outpatient spine is a relatively new phenomenon, payors are uncertain about what it means to their business or how to approach it. Equipment and supply providers have been similarly hesitant. As a result, many payors have dragged their feet on signing on any contracts for fear that they would sign bad ones. Some even preferred to ask their customers (employers) to pay higher rates than admit their confusion.

For entrepreneurial surgeons, the lack of reimbursement standards and Medicare grouper rates represents a great opportunity. Specifically, spine-focused ASCs should work directly with payors to define algorithms for specific treatments and forge a comprehensive payment system for outpatient spine. Collaborating in this way may cost established spine ASCs some of the massive revenue they're currently generating, but by demonstrating a savings for the payors, they'll be more likely to capture a steady, long-term profitable revenue stream.

The risk is that this will prove to be a narrow window of opportunity. Even the slowest-moving payors will eventually "crack the code" on outpatient spine. Collaborating with them now on mutually beneficial deals will help ensure outpatient spine remains profitable for ASC owners as it inevitably grows more popular with patients and more comprehensible to payors.

Bottom Line: Signposts to Success

These 3 C's for Spine may sound like a simplification, but we view them more as enablers of profitability and clinical excellence in outpatient spine. They are not the only ones, however. Surgeon-owners of spine-focused ASCs must navigate several other critical business, clinical and regulatory issues. The right contracts, appropriate case volume and mix, accurate case costing, effective cash management and compressed schedules – these 5 C's are equally important for spine-focused surgery centers and multi-specialty ASCs. Click this link to read *The 5 C's: Keys to Success in Multi-Specialty ASCs*.

They are also valuable in highlighting the many moving parts that must be monitored and synchronized if outpatient spine surgery centers are to meet their goals and prosper. Yes, neurosurgeons, orthopedic surgeons and other spine specialists have a unique opportunity to invest in and develop outpatient spine surgery centers. But despite the impressive growth rate in case volumes and attractive reimbursement rates, success is far from guaranteed. The 3 C's for Spine, alongside the 5 C's for all types of ASCs, help ensure the great potential of outpatient spine is translated into a profitable, sustainable ASC businesses.



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.
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