

Hospital Converts Acquired ASC to Surgery Department

“ You actually do what you say you will!!! Thank you so much.

SITUATION

A large community hospital in the Midwest acquired an ambulatory surgery center from a physician group and a management and development company. Avanza Healthcare Strategies (formerly ASC Strategies) was initially engaged by the hospital to serve on its due diligence team. Avanza provided strategic guidance throughout the transaction planning process and helped determine appropriate terms of the acquisition. The hospital acquired the ASC with intention to convert it to a department of the hospital as a CMS designated provider-based entity.

ENGAGEMENT

Following the acquisition, Avanza's services were retained a second time to develop and oversee the transition from a freestanding ASC to a provider-based surgery department within the hospital. Avanza was retained to ensure the new surgery department continued to operate profitably and with the high-level of efficiency physician users expected; while at the same time adhering to the CMS provider-based regulations.

HOW WE HELPED:

- **Assisted in the completion of the provider-based attestation**, documenting how the facility complied with the provider-based requirements.
- **Analyzed the operational service areas** of the ASC with consideration to balancing the integration of clinical services as required by the provider-based regulations and maintaining the efficiencies of the facility when it was licensed as an ASC.

Hospital Converts Acquired ASC to Surgery Department (continued)

HOW WE HELPED (continued):

- **Conducted an evaluation of the hospital's administrative services** to determine whether the hospital had the expertise to provide these services to the new surgery department as efficiently and cost effectively as when the facility operated as a freestanding ASC. Avanza also assessed the hospital's capacity to take on the additional workload without interfering with its existing responsibilities.
- **Recommended which services areas could be absorbed** effectively by the hospital (e.g., billing and purchasing) and which services areas would be better managed by the department (e.g., human resources and scheduling).
- **Developed and oversaw the transition plan** for bringing select service areas into the hospital without loss of efficiency.
- **Provided training to hospital personnel** on how to maintain efficiencies that were developed when the facility operated as a freestanding ASC.
- **Developed operational benchmarks** for the department managers to use to evaluate operations on an ongoing basis. Benchmarks were a hybrid of those used in the hospital and ASC industries.

OUTCOME

The transition of services from the ASC to a provider-based surgery department of the hospital was successful. The hospital departments effectively absorbed their new responsibilities, with the surgery department reducing its operational costs, increasing capacity and suffering no loss of efficiency in the process.

The improvements achieved through the ASC acquisition and transition to a surgery department saved the hospital the cost of building new operating rooms and validated the physicians' decision to sell the ASC to the hospital. The partnership between the physicians and hospital is stronger as a result.

