

Freestanding Ambulatory Surgery Center Prepares for Sale

“We brought in Avanza in part because we didn't know what we didn't know. Our ASC had been highly successful for many years, but the market was changing, and we needed Avanza's expert guidance to help us reposition the clinic for a bright financial future.

AVANZA CAPABILITIES AT WORK:



SITUATION

An independent, freestanding ambulatory surgery center (ASC) operating profitably for many years started to feel the effects of tightening reimbursement and increasing costs. The owners decided to reduce their risk by selling some of the equity in the ASC to a hospital or management and development company.

INITIAL ENGAGEMENT

Avanza Healthcare Strategies (formerly ASC Strategies) was engaged by the ASC's owners to perform a complete assessment of the facility's operations. Avanza was tasked with identifying opportunities to make the ASC a more appealing partner to a hospital or management and development company.

HOW WE HELPED:

- **Analyzed the ASC's financials**, uncovering a history of high out-of-network reimbursement and other concerns.
- **Helped the ASC's leadership prepare for conversations with payers** about joining the network.
- **Analyzed the center's operations**, identifying opportunities for cost-cutting and efficiency improvement in workflow, technology, staffing and other areas.
- **Analyzed the ASC's benchmarking efforts** and provided guidance on how to more effectively use benchmarking to identify areas for process and quality improvements..

Freestanding Ambulatory Surgery Center Prepares for Sale (Continued)

FURTHER ENGAGEMENT

Upon completion of the assessment and numerous improvements throughout the center, Avanza helped the ASC develop an investor-ready financial package to be presented to prospective partners.

HOW WE HELPED:

- **Created a template for the ASC's financial package**, ensuring it was a dynamic document that could be easily updated.
- **Identified the most important drivers of financial performance** for inclusion in the package.
- **Developed the narrative, graphics, footnotes and annotations explaining abnormal data variances.**
- **Ensured the information presented was appropriately tailored** for an audience of healthcare and non-healthcare professionals.

OUTCOME

After completing the financial package, Avanza advised the ASC during the sale process and negotiated with prospective partners on behalf of the owners.

The ASC selected a hospital as its partner, selling shares at a higher multiple than the owners initially expected while retaining majority control and management of the center.

The ASC remains highly profitable today, and is greatly benefitting from its partnership with the hospital through increased case volume resulting from the hospital moving lower acuity cases to the ASC, freeing up valuable OR time on the hospital's main campus.