Converting your Access Center From An OBL to an Ambulatory Surgery Center

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Disclosures:
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ASC Differences: The Top 10
1) No consults or ultrasounds: ASC can not be used concurrently as a physician’s office
2) ASC must comply with Medicare Conditions for Coverage
3) ASC subject to unannounced inspections from State, CMS, Accrediting bodies
4) Strict physical plant and Life Safety requirements
5) Enhanced staffing requirements
6) Governance: Governing Body and Medical Executive Committee
7) Compliance with disclosure of ownership
8) Compliance with Quality Assurance and Performance Improvement (QAPI) program
9) Written transfer agreements
10) Patient satisfaction surveys are mandatory

ASC Facts
- Facility Size: typical 2 room Facility
- Larger sq/ft = More rent 3500 VS 5000
- Number of Staff 6 vs. 9 = More operating expense
- Expertise of Staff: experienced Facility Administrator, Circulating nurse
- Extended timeline to complete: construction, licensure, Deem status, payor contracts
- MUCH greater regulatory requirements
  - Life safety, Staff, State licensure, Medicare accreditation
- Greater capital requirements 1.5M OBL vs 3.5M ASC

The 800 pound gorilla in the room is:
- DO I NEED A CERTIFICATE OF NEED (CON)!!
  - If you are in a CON state, then you must apply for a CON in order to obtain State Licence
  - Your application may be:
    - outright rejected
    - Determined by major hospital systems available OR’s
    - Limited by local and state politics
    - Limited by your ability to obtain private payor contracts
    - The benefit to a CON process will generally be decreased construction and approval
  - If your state does not have a CON requirement the process tends to be disjointed

Ambulatory Surgery Center (ASC)
- Considerations:
  - Structure of Facility
    - Retrofit vs. New Facility
    - New Facility
      - 2-2.5M buildout
      - PLUS 1.0M working capital
  - Life-Safety considerations
  - Follows the rule of $200k
  - Semi restricted corridor
  - HVAC requires 20 air exchanges
  - Electrical fans to separate power
  - HVAC / lights / outlets separately
  - Generator
  - Can my facility handle my generator needs? Does local? If not?
  - Modified Hours of Operation
    - Hybrid model required to provide access to care until payor contracts are in place
Construction costs
- OBL: $800k, ASC: $2M
- 40% more square feet required in ASC = MORE RENT!
- 2 room facility:
  - 2500 sq ft for OBL vs 5000 sq ft for ASC

Staffing
<table>
<thead>
<tr>
<th>Role</th>
<th>OBL</th>
<th>ASC</th>
</tr>
</thead>
<tbody>
<tr>
<td>Office manager</td>
<td>1.0</td>
<td>1.0</td>
</tr>
<tr>
<td>Rad tech</td>
<td>2.0</td>
<td>4.0</td>
</tr>
<tr>
<td>Scrub tech</td>
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<td>0.0</td>
</tr>
<tr>
<td>Vascular access RN</td>
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<td>4.0</td>
</tr>
<tr>
<td>Circulating nurse</td>
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<td>1.0</td>
</tr>
<tr>
<td>Director of nursing</td>
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<td>1.0</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>5.0</td>
<td>9.0</td>
</tr>
</tbody>
</table>

Difference in staffing costs about $300k annually

Hours of Operation
- Preserve access to patient care
- Hybrid function means functioning as an ASC and an OHS on different days per week
- Different days of operation require different business entities with different Tax ID, NPI, State Licensure, Accreditation
- Big education lift for the entire staff!

Benefits to being an ASC
- Ability to collect facility fees
- Medicare licensed facilities are able to contract more easily with private payors
- Multi-specialty ASC’s have great ability to diversify
- Facility fee is reported under facility NPI

Conclusion:
- Converting an OBL to an ASC requires
  - More time
  - More staff
  - More overhead and regulation
  - Complex hours of operation in order to accommodate all patients
  - Payor contracting strategy
  - Secure patient base
  - $2M additional dollars in capital and working capital in order to build out an ASC vs. $1M OBL
- For solo practitioners: Unless there is a very compelling financial reason to convert to an ASC, it’s best to stay as an OBL