

- Strategic Planning
- Leadership Advisory Services
- Business & Financial Planning
- Clinical Program Planning
- Physician Strategies
- Medical Staff Development
- Ambulatory Care Planning
- Facility Planning & Space Programming
- Demand Forecasting & Resource Development

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Room to Operate for All: Hospital-Based and Freestanding Ambulatory Surgery Centers

In 1980 approximately 15 percent of surgeries were performed on an ambulatory basis; by 2003 that percentage had increased to nearly 75 percent according to the American Association of Ambulatory Surgery Centers. Changes in clinical practice and technology have allowed procedures and surgeries that previously required hospitalization to be performed as outpatient services. As volumes have grown and reimbursement levels shifted, ambulatory surgeries have become increasingly important to the financial viability of hospitals.

The profitability of ambulatory surgery has also attracted new players--physicians, investors, and corporations. These groups have developed freestanding ambulatory surgery centers that provide surgical and interventional services in specialties such as ophthalmology, gastroenterology, and orthopedics. A March 2004 MedPAC report revealed that between 1997 and 2003 the number of Medicare certified ambulatory surgery centers increased over 50 percent to approximately 3,740 nationwide.

Though the prevalence of freestanding ambulatory surgery centers has increased, a role remains for both hospitals and ambulatory surgery centers. In 2001, over half of the most common ambulatory surgical procedures were performed in hospital outpatient departments. But hospitals will have to fight hard to stay in the game and cannot assume that their ambulatory surgery volume forecasts are a sure bet.

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to view information from
the American Association of
Ambulatory Surgery Centers



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the Federated Ambulatory
Surgery Association

Distribution of Common Surgical Procedures across Facilities

Procedure Category	Share of ambulatory surgical volume, all settings	Share of volume by setting		
		Outpatient department	Physician offices	ASCs
Colonoscopy	16.0%	70.8%	4.3%	24.9%
Cataract removal and lens insertion	12.5	47.7	0.5	51.8
Minor procedures-musculoskeletal	10.7	48.1	31.1	20.8
Upper gastrointestinal endoscopy	9.5	72.0	4.5	23.5
Cystoscopy	9.0	28.7	63.8	7.5
Ambulatory procedures-skin	7.9	42.4	52.6	5.0
Other ambulatory procedures	7.3	69.8	16.5	13.8
Other eye procedures	6.9	27.5	33.6	39.0
Other minor procedures	5.0	30.1	63.3	6.5
Ambulatory procedures-musculoskeletal	3.4	59.8	17.4	22.9
Total	88.1	53.1	24.1	22.8

Source: MedPAC, June 2004 Data Book: Section 8 Ambulatory Care.

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to Congress March 2004

Features of Successful Ambulatory Surgery Providers

Facing stiff competition from physician offices and freestanding ambulatory surgery centers, hospitals will have to provide service levels at or above those of their competitors, or provide services not available at freestanding surgery centers in order to stay in the game. Ambulatory surgery centers must also maintain their competitive advantage as hospitals strive to hold and recapture the ambulatory surgery market. Whether hospital-based or freestanding, ambulatory surgery providers must excel in the following areas in order to survive in an increasingly competitive market.

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Service Focus – Health care organizations operate in an increasingly consumer-driven market. In addition to high-quality care, patients seek convenient and easy to access facilities and competent clinicians and staff. Ambulatory surgery patients do not want to feel like they are in an institutional environment. Hospitals should keep inpatients and outpatients separate, and design the outpatient department similar to a freestanding center to help reduce the “institutional” fee.

Accessibility – Providing accessible services is important to attracting ambulatory patients. Factors that make an ambulatory service accessible include convenient hours, favorable location, adequate parking, access to public transportation, facilities that are easy to navigate, and affordability.

Efficiency – Successful providers are very efficient in their operations. They allow physicians to maximize available operating time and thus their ability to generate revenue. Surgeons expect easy scheduling and preferred OR time, quick OR turnover, and on-time surgery starts. Support services such as radiology and laboratory must also be efficient to facilitate efficient surgical operations.

Low-Cost, High-Value – Through contracting and directing patients, payors will continue to pressure on providers to offer quality services at a low cost. In addition, patients will become increasingly sensitive to price as copayments continue to grow, particularly for ambulatory services. Factors that influence the ability to provide low-cost care include staffing, cost of operating and maintaining the facility, supply costs, and volume of patients.

Benchmarking – Consumers and payors are demanding information to compare service level providers. Successful facilities must be able to measure, compare, and report their performance. Facilities should consider benchmarking metrics such as quality, patient and physician satisfaction, outcomes, infection rate, percentage of cases starting on time, and cost per case.

information should be used to continually improve quality and service levels for patients, providers, and payors.

An Ambulatory Surgery Success Story: University Hospitals Health System Bedford Medical Center

Bedford Medical Center in Bedford, Ohio, added an ambulatory surgery wing to the hospital to provide patient-centered ambulatory surgery services and increase operating room efficiency. The ambulatory surgery department is self contained and has its own landscaped entrance, pre operation area, ORs, and PACU. The layout creates a single point of access for ambulatory patients, allowing them to easily access ambulatory surgery services without having to interact with inpatients or navigate the medical center facility.

Administrators at Bedford Medical Center found several advantages to having the ambulatory surgery department attached to the hospital. The configuration allows the medical center to efficiently use OR staff resources for both ambulatory and inpatient cases. Physicians move easily from ambulatory to inpatient cases; and staff shift as necessary to support operations. In addition, ambulatory patients that become problematic can easily be transferred for inpatient care.

Bedford Medical Center staff members are seen as integral partners in the treatment and care of patients. They understand that maintaining a focus on service is essential to satisfying and attracting patients and physicians. Staff members strive to provide patients with quality, timely patient-friendly care. Staff members work to achieve short turnaround times and efficient operations, thus allowing physicians to maximize the use of their surgical time.

The success of the facility is regularly assessed through measurement and comparison to industry benchmarks. Benchmarked statistics include patient, physician, and employee satisfaction; quality; financial performance; and volume. The center's success is demonstrated by its patient satisfaction levels, which are in the 90th percentile, and the four- to five-percent annual growth in ambulatory surgeries.

For more information on ambulatory surgery centers, contact [Andrea Shellman](#) or [Alan Zuckerman](#), or call 215-636-3500.



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