

# 13 Thoughts for 2009

BY JOHN POISSON

Looking back on 2008, many would describe the year in one word, and that word would be “change.” Domestically, the United States elected its first African-American President. Across the world the global economy collapsed. In the solar system, Pluto was demoted from a real planet to just a big rock.

In the GI world, change was rampant too. Medicare instituted a 4.3% cut as the first phase of a four year reduction in reimbursement. One could hardly pick up a newspaper without reading about the patient disaster in Las Vegas. Some physicians in our market niche even said the good times were over for GI and nothing but decline could be seen on the horizon. I disagree.

For GI in 2008, the central theme, at least for me personally, seemed to be “back to basics.” Some might say a re-focus on the simple fundamentals of our business isn’t all that exciting, certainly isn’t very sexy or even fun sometimes. But one thing is certain: **Basics Deliver.**

With that in mind, below are some highly personal observations—and maybe even a few helpful hints to incorporate into your practice or GI center in 2009:

## #13 Informing patient escorts of delays drives satisfaction levels

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thousands of patient satisfaction surveys are distributed each year. In reviewing benchmarking data across these facilities one trend is clear—escorts want to be informed of delays within the center. Encourage your front office staff to proactively keep escorts informed of any delays within the facility—it pays dividends in overall satisfaction levels of a patient encounter.

## #12 Physician recruitment is a full-time job

I’ve been amazed by the number of new physicians joining the practices affiliated with the centers we work with across the country. New high-quality doctors are the life blood of any practice or endoscopy center. Those centers/practices with the most success

all share one thing in common—recruiting activity never stops. Even when there’s a full complement of physicians, recruitment continues. Think about this—if the average new physician (when ramped up) brings 800 new cases to the ASC at an average reimbursement per case of \$500 the center will enjoy \$400,000 in new revenues annually.



John Poisson

## #11 Do not hesitate to terminate

The old adage that “one rotten apple spoils the bunch” rings true in the endoscopy center. As physicians tend to dislike tackling the unsavory task of terminating a problematic employee, too often that employee ends up overstaying his or her welcome at the facility. Don’t hesitate terminating the problem employee. You’ll feel better and I can pretty much guarantee the balance of your staff will breathe a collective sigh of relief. A week later the center will be a whole new place, a good place.

## #10 Some battles need to be lost

Most of the people I work with, including many of the physicians on various center boards, tend to have highly competitive personalities. Maybe you

could view this bunch as over-achievers (if one is looking for a label). We don't like to lose. But sometimes one needs to lose—not as a longer term strategy to eventually win, but instead for the simple reason that losing occasionally provides perspective—it grounds you. I encourage you to actively “lose” every once in a while, it will feel surprisingly good.

## #9 Regulations are growing exponentially

Ronald Reagan once said, “As government expands, personal freedom and liberty contract.” Although his statement focused on political systems (including a nice swipe at the Soviet Union and Democrats all in one shot), we, too, can benefit from his insight in our little surgery center niche. These days it seems that regulations on every level—local, state, and federal—are expanding at an exponential pace. Some of these regulations are very good for patient care and safety. Others simply make no logical sense. And, even worse, is the “interpretation” of these regulations by various surveyors with semi-Napoleonic complexes. My advice: fully abide by the regulations but politely challenge the “interpretations” in cases where the interpreter seems to be speaking a completely foreign language.

## #8 It costs more than it costs

When we started in this business about ten years ago the cost to build a typical endoscopy center was about \$100 per square foot. In 2008, we had a couple of projects pushing the \$300 per square foot mark. Health care construction rose dramatically in the 2005 to 2008 timeframe, far in excess of the CPI or any other reasonable measure of cost indices. The best available Olympus scope in 2000 would cost you less than \$20M, today it's pushing the \$40M mark. Now, more than ever, a focus on solid business planning dovetailed with an experienced management group is critical. This is likely one of the keys to PE's continued growth and success.

## #7 It takes longer than it takes

When we opened our Reading, PA partnered facility in 2001 it took about 90 days before 80% of the payers were fully contracted. Today it takes more than six months to reach that same metric in most markets. Somebody watching the cash flow is critical in these early stages of a new center. No one ever wants another capital call. Manage cash wisely and daily.

## #6 Make staff networking an expectation

It is far too easy for a center administrator, busy tackling the day-to-day challenges of managing his or her center, to actively invest the time to learn about what other people are doing out there. There are truly some excellent ideas outside your own center—find out

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about them and adopt the ones that you think will work for you. Plagiarism is good for the ASC industry—the folks at AAAHC label it “benchmarking” or “best practices,” but to me it's just a smart way to make your job more manageable. Send your center's administrator and a staff member to the ASCA (formerly FASA) meeting in April, or attend one of the terrific business-focused ASC conferences like McGuire-Woods' annual October conference or the February ASC conference put on by McDermott Will & Emery in Miami. (The weather is a real plus for those snow belt ASCs up north, too.)

## #5 Rotating leadership is good

One of the initial medical directors at one of our largest partnered facilities once told me that rotating the leadership every few years would be good for the new facility we had just opened. He was a smart man. Nearly seven years have passed since that conversation and that particular center has enjoyed the board-level input of five of the 17 physician owners. Each brought a unique perspective and a different view of the world. It has been good for this center—maybe it will be good for yours, too.

## #4 Payer re-negotiations are critical

In mid-2008 our company launched a new program to acquire a minority equity position in existing, successful GI centers. In the last six months of 2008 we probably met with about 20 such potential facilities. Being relatively new to the acquisition business we didn't quite know what to expect—however, we often found what we clearly did not expect. Many of these centers hadn't actively negotiated their third party payer contracts in years. Even in those ASCs that did, many of the practices affiliated with the respective facilities often didn't re-negotiate their professional fees at all. Renegotiating your fees isn't about being greedy—it's simply about receiving the compensation you deserve for the quality, safety-focused patient care you provide. As an aside, nearly every center partnered with PE enjoyed an increase in their collections per procedure in 2008, in spite of the 4.3% cut in Medicare. We practice what we preach.

## #3 There's a new emphasis on quality

Quality never went away in the GI center, but sometimes its message got lost in the mix in past years. It is so rewarding to see the momentum of a renewed focus on quality gaining such a strong foothold in our market-

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place. Many people deserve a tremendous amount of thanks and appreciation—folks like Irving Pike, MD in Norfolk, VA who took it upon himself to be one of the many town criers of this important message.

## #2 The decontamination room is the cornerstone of your facility

Let's face it, scope reprocessing has got to be one of the most boring jobs in the endoscopy center. That said, it is probably also the most important role of any of your staff members. Every scope must go through a distinct, multi-step process to ensure it is clean and safe for patient care. If your board hasn't reviewed your reprocessing protocols recently, it's time you hold your next meeting in the decontamination room and get acquainted with the most important room in the house.

## #1 Your 401(k) may have retired, but the colon thrives

There's no question that the performance of the financial market was ugly in 2008. In spite of this, I believe there is no better time than now to develop your new endoscopy center. Think of it as an investment in which you can actually control the returns. Sure, there

are many pitfalls and challenges facing the development of your new center—but a solid and seasoned management team will get you over these hurdles. Now is the time to act: a solid business plan, strong execution and some management excellence will undoubtedly allow you far better financial returns over the next several years than any bull run in the stock market ever will. We are waiting for your call.

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