

## Monitoring ASC Performance: The Business Plan for Success

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Blue Chip's business and clinical models for ambulatory surgery centers (ASCs) are designed to deliver success the day the doors open. They also incorporate best practices and detailed plans to foster long-term success. On the clinical side, we regularly share outcome data for specific procedures, the latest studies and other useful information across our network of centers. On the business side, we take a rigorous "day-by-day" approach to monitoring and management. That is, we track key operational and financial metrics on a daily basis and provide on-demand support to our ASC partners to ensure they hit profitability targets and achieve business goals.

This Perspective – a companion piece to *Setting Up for Success* by Elizabeth Smallwood – will highlight our unique approach to managing ASC businesses. Blue Chip provides these services as part of the business development process with our partnerships. We believe they are fundamental to success of ASCs.

### Blue Chip Planning & Oversight

When it comes to long-term management, Blue Chip-affiliated ASCs have an advantage in that we very carefully define the parameters for success before we launch the business. We know exactly the number and mix of cases we need to hit our financial targets. That means there's no guesswork in terms of judging performance.

Once the business is launched, we dial into the systems of our affiliated ASCs on a daily basis to confirm that cash flow is positive and balances remain within pre-determined tolerances and thresholds. For instance, the number of days claims remain in accounts receivable (AR) is an effective way to gauge the efficiency of AR systems. Blue Chip's goal is to complete claims in fewer than 40 days. We also track accounts payable (AP) to

ensure our centers live up to contractual agreements and remain in good standing with key suppliers. And we monitor claims to verify that they're being released on a timely basis. Many clinically outstanding ASCs fail simply because they can't get claims distributed fast enough.

Beyond AR/AP and claims, we look at electronic reports every day for:

- Case volumes
- Quality measures
- Cash on hand
- Processed claims.

Tracking these individual metrics adds up to full revenue cycle management, which we provide to all of our businesses as part of standard management agreement. There are a few important benefits to this holistic approach. First, it eliminates sudden cash flow crises and other unpleasant surprises. Secondly, it makes the process of month-end closing much less traumatic for ASC staff.

I should be clear: this isn't micromanagement. We don't constantly look over the shoulders of or second-guess the staff of our ASCs. In fact, they're our partners precisely because we trust their abilities. We serve as an extra pair of experienced eyes as we remotely monitor the business. The bottom line is that our ASCs say they appreciate the back-up, especially since it frees them to focus on the patients and helps them operate lean in the early days of the business. Basically, we see ourselves as proactive problem-solvers and troubleshooters for the business. (Of course, if the ASC staff encounters problems with specific claims or a payor, they call our offices for help and for specialist advice. That's when we become more like a help desk for our partners.)

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### The Value of Vigilance

When it comes to billing, collections and reporting, the ASC business is labor-intensive. Making sure claims are paid properly and promptly and that patients make the correct payments requires a high-touch, detail-oriented approach. Rigorous processes for pre-approval and verification eliminate many mistakes. But follow-up review is critical – especially since our financial models may be somewhat unconventional (with some procedures handled in-network and others out-of-network, for example).

Our experts cast a keen eye for common mistakes and discrepancies that occur across plans and contracts.

It's not uncommon for our periodic "mini-audits" of billings and collections to uncover tens of thousands of dollars that drop straight to the bottom line. Again, it's the combination of rock-solid contracts and diligent follow-up that allows Blue Chip-related ASCs to generate outstanding ROI for surgeon-partners.

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The many administrative barriers and confusing bureaucratic morass of our industry cause some ASC managers to simply throw up their hands and write off more claims than they should. We understand their frustration. But, to avoid that scenario (which can sink otherwise strong ASCs), we use pre-drafted letters, templates and forms to streamline communications and resolve disputes with payors. This initial follow-up resolves many cases where claim denials result from

simple errors by the payor – a CPT code discrepancy for example. But, Blue Chip specialists know whom to call to take up the case if disputes need to be escalated.

Even at the best managed ASCs, problems may arise occasionally, as the numbers drift off course. In that event, Blue Chip people interact directly with ASC staff to explore underlying causes and frame solutions. The good news is, our vigilance means minor problems very rarely, if ever, develop into serious ones.

### People Power

One of the most valuable things we do for our network of centers is to help find the right people to manage the business. In many cases, Blue Chip provides the necessary support and expert knowledge. In other cases, we hire, train and manage temporary staff to assist in following up on overdue claims and handling core bookkeeping tasks, get past a paperwork glut, make time-intensive follow-up calls to payors and do maintenance work on AR/AP systems.

These services are especially important immediately after opening, when ASCs are typically short-staffed. Many of us at Blue Chip have experience working in and managing ASCs, so we're not afraid to roll up our sleeves. When our ASCs are ready to hire, we help them recruit, interview and train the right candidates as they seek to fill AR/AP or general office management roles. Again, this means ASC staff can stay focused on the patients. Plus, the business avoids additional overhead as it addresses critical – and potentially expensive – business issues.

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### The Bottom Line: Taking the Long View

Because Blue Chip's people have worked on all sides of the industry – in managerial positions at outpatient surgery centers, insurance carriers and regulatory agencies – we know how to solve problems from an inside perspective, and typically we can solve them more quickly than an ASC staff that has important patient care responsibilities. But we know that clinical excellence and a strong business model go hand-in-hand. So we don't let the business issues threaten quality of care.

Because we have a common goal – to operate the ASC as effectively as possible – we consider ourselves an extension of staff and so do what it takes to succeed. We carefully organize the business for operational and financial success, rigorously monitor key metrics, and move quickly to get the business back on course if the numbers start to drift off target. That's the value of our financial monitoring and management oversight.

Our hands-on approach is possible because we have the systems, processes and people to make it happen. Really, it's part of our culture. We do not have hundreds of sites to monitor. Blue Chip focuses on a select few projects per year, which means we can give those projects our full attention. That's what is required to succeed in the increasingly competitive and challenging ASC industry. And that's how our centers have been successful with ROI far above the national average.

### Learn More About What Makes Us Blue Chip

We encourage you to learn more about what we do and the unique way we do it by viewing other Blue Chip Perspectives.

Visit [www.bluechipsurgical.com/bcsinsight.html](http://www.bluechipsurgical.com/bcsinsight.html)

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