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CENTERS WANT BIGGER SLICE OF SURGERY PIE

Associations hope other business models will get more public attention, less government scrutiny

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Surgeries and hospitals were once like peanut butter and jelly: You usually didn't have one without the other.

But just as tastes change, so do business models.

Rob Schwartz, executive director of Washington Ambulatory Surgery Center Association, said it's time politicians, insurance companies and the general public realize that there are options in the health care industry, even for something as serious as a surgery.

While emergency surgeries will almost always take place in a hospital setting, patients who need or want other types of surgical procedures have choices.

Franciscan Health System will have seven surgery centers as of next month and MultiCare Health System has three outpatient ambulatory surgery centers. However, when a doctor recommends using a surgery center, the patient could end up at a location that is privately operated and isn't directly tied to a hospital system.

For example, Lakewood Surgery Center, Puget Sound Orthopaedics, is privately owned by a group of surgeons who perform surgeries at the facility. The doctors also perform procedures at local hospitals, depending on the complexity of the case.

"The primary way we tell (where to have the surgery) is we look for which patients are appropriate for each setting," said Dr. Steven Teeny, a partner at Puget Sound Orthopaedics who focuses on lower extremity orthopaedic cases. "We can offer them a lower cost alternative (and) at the same time, we have the opportunity to expand our business offering as doctors."

Teeny said patients who require complicated surgeries that involve overnight stays receive recommendations to have their procedures in a hospital. That advice also extends to patients who are at higher risk because of their current health issues.

For patients who don't have serious health issues and require an outpatient surgery, Teeny said surgery centers present an opportunity that costs less and works well.

But can patients be sure the doctor isn't just trying to get them to use a privately owned center to improve his or her bottom line?

"If it's not safe, we will not say it's safe," Teeny said.

Teeny said that every procedure done at a surgery center could be done at a hospital — and that's what he used to do. But five years ago, he teamed up with other surgeons to begin the surgery center because it made not only business sense, but also would present a more economical alternative to his patients.

Ambulatory surgery centers have an economic impact beyond cost-savings for patients and surgeons, according to Washington Ambulatory Surgery Center Association's report "The Economic Impact of Ambulatory Surgery Centers in Washington."

"We find that (ASCs) add considerable value to the Washington economy, with a 2009 total statewide economic impact of \$1.87 billion, including more than \$76 million in tax payments and the employment of about 5,850 full-time equivalent workers," read the report.

Cost savings

WASCA, the trade association for centers operated by either individuals or joint efforts between surgeons and a hospital, is trying to spread the word about the benefits of these privately owned health care facilities.

"We don't think there is enough of an understanding they exist and how much they can save," Schwartz said.

Of course, the rising cost of health care is a complex topic. But Schwartz said that while surgery centers might not be the complete answer, they add competition to the marketplace.

He said that like almost any industry, the more competition for a service or product, the better the deals are for the consumers.

Unfortunately, ambulatory surgery centers often find themselves feeling like the stepchild of the health-care industry, especially when it comes to working with insurance providers and the state government.

"It's important the insurance industry take time to embrace surgery centers and not put all their eggs in the hospital basket," Schwartz said.

Some insurance providers don't work with surgery centers, so one of the first things the staff does is make sure procedures will be covered.

Yet, even if an insurance company will pay for a procedure, that doesn't necessarily mean the surgery center will take the case.

Hospitals can usually bill insurance companies for everything they use during a procedure, but Schwartz said surgery centers not connected with a hospital generally get paid a global price for a procedure.

For example, a hospital can perform 20 knee surgeries and submit different charges for each, depending on the complexity and what kinds of "equipment" they had to use. But a surgery center may only be reimbursed a single flat rate for every procedure.

Schwartz said surgery centers have to determine if it's economically feasible to perform a procedure or if it's better to pass it along to a hospital.

"It's a calculated, real-life guessing game," Schwartz said. "They expect us to absorb the cost on the parts and on the equipment that will heal you. It makes no sense."

Schwartz also said the association is hoping the state will work with surgery centers and perhaps ease some of the limitations it enforces, including the 23 hour maximum time limit a patient can spend at a ambulatory surgery center.

WASCA also would like government officials to start encouraging state employees to consider alternatives, like surgery centers, for their health care needs.

Schwartz said the state should re-examine its stipulations on Medicaid users when it comes to surgery centers as well.

"Medicaid is going bankrupt in each state and it's pulling state budgets over the cliff," he said. "It's also impacting the business community because as the budgets get in more financial straights, they are going to be putting more taxes and strain on the business community. There's no mystery here of what's happening. Something has got to give."

How they operate

Most ambulatory surgery centers are specialized, but a few do all types of surgeries.

April Gibson, administrator of Puget Sound Orthopaedics, said ambulatory surgery centers are small, but their operating rooms are set up and accredited the same as hospitals.

Teeny said before his group decided to open their surgery center, they looked at other alternatives, including partnering with a hospital.

In the end, he and the other partnering surgeons decided to start a private business and become a division of Proliance Surgeons, which is a part of WASCA.

"We have more control over processes," Teeny said.

Dr. Alan Thomas, who has a sub-specialty in upper-extremity, said the convenience factor makes him wish he could do almost every surgery at the center.

He especially likes the short wait times and how he can use the computers for work if there is down time.

Teeny said it's not unusual for a surgeon to have 10 procedures scheduled in a single day, an amount he claims would be difficult to get done at a hospital in the same amount of time.

The Lakewood surgery center has 11 physicians. Most of the surgeons have sub-specialties, ranging from hands to shoulders to spines and lower extremities.

Groups like Proliance Surgeons and WASCA often are frustrated by the fact that privately run surgery centers have to compete against hospitals, especially because hospitals continue to hire full-time surgeons.

But Teeny said both the centers and hospitals have the same goal.

"We have had good relationships with the hospitals and we appreciate them and we know it's a collaborative effort to take care of people," he said.

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