

ASC financial disaster planning recommended practices

By Randy Bishop, President and CEO, Surgical Notes

As I write this, COVID-19 cases are on the rise in many U.S. states – a reminder that the virus and health crisis will challenge the ASC industry for some time. Also, as I write this, the Atlantic hurricane season is just getting started and wildfires in the Southwest are raging – a reminder that disasters will always represent a challenge ASCs must prepare for.

Disaster and emergency preparedness often focus heavily on ensuring patient and staff safety, and rightfully so. Safety should be the top priority for ASCs. But as we have been reminded by the pandemic, financial disaster planning is also essential. The ability for ASCs to effectively weather the operational disruption caused by a natural or manmade disaster is not only critical for the short- and long-term viability of the business, but also to ensure centers can quickly resume operations and begin serving their patient populations.

Despite its importance, financial disaster planning is often an exercise that does not receive the attention it deserves. To help you financially prepare for a potential COVID-19 second wave and future disasters your ASC will encounter, consider these recommended practices.

1. Build an emergency fund. This is a savings account devoted to covering expenses – expected and unexpected – when your ASC is forced to scale back or cease performing surgery, thus interrupting cash flow. Expected expenses may include staff salaries, supplies and devices, rent, insurance, and utilities. Unexpected expenses may include building repairs, replacing damaged equipment, emergency cleaning services, and purchasing new supplies. Without an emergency account, your ASC will need to incur debt or request that owners pay out of pocket to cover expenses. This can prove difficult to coordinate the longer operations are impacted, as the number and cost of purchases grow, and in larger ASCs with more owners who possess varying ownership stakes.

While letting thousands of dollars sit untouched for an unknown period of time may seem impractical, you can expect your ASC to encounter another disaster. It's not a matter of if, but when. And most disasters will affect cash flow. It is generally recommended that businesses should have enough cash available to cover three months' to a year's worth of expenses.

2. Develop a revenue cycle response plan. Even with reduced or ceased clinical operations, your business office should still have plenty of work. You will want to develop a revenue cycle response plan that details staff responsibilities. It will likely include finalizing and submitting claims for procedures completed leading up to the disaster, tackling any backlog of unbilled cases, reviewing denials, and submitting and then following up on appeals.

If the disaster leads to extended disruption in clinical operations, business office staff can use this time to revisit accounts with aging accounts receivable, analyze denial reason trending, perform a financially focused quality assessment and performance improvement (QAPI) project, and catch up on education.

Your response plan should speak to the policies and procedures business office staff who work remotely during the disaster are expected to follow to protect sensitive patient and business information. Ensure that your response plan covers any resources your ASC will provide to employees during the disaster, such as company-owned computers or phones. Continue tracking your revenue cycle key performance indicators (KPIs) to monitor staff productivity and help ensure your business performance remains strong coming out of the disaster.

3. Implement a communications strategy. To best ensure an efficient (i.e., cost-effective) coordination of staff and patients prior to, during, and after a disaster, your ASC will want to implement a detailed disaster communications strategy. For staff, such communication would cover matters including work responsibilities (individual and group), scheduling changes and requests, and messages of support. For patients, communication is required for announcements about resuming of or expanding operations, postponing or rescheduling of procedures, ways in which patients can pay for their procedures, and changes in protocols that must be met to ensure a scheduled surgery can proceed as planned.

ASCs would be wise to leverage a variety of communication channels to ensure maximum staff and patient engagement. These would include more traditional means, such as mail, phone, and email, and may extend to providing information via text, patient

portal, and even videoconference, which many surgery centers have turned to during the health crisis.

4. Coordinate with service providers and vendors.

A disaster that affects your ASC will also affect most, if not all of the services and supplies provided to your center by vendor partners. A significant part of effective financial disaster planning is determining what will happen with these services and supplies if you are confronted with a short- or long-term disaster that disrupts operations. These will include everything from laundry and housekeeping services to business liability and malpractice insurance to pre-scheduled delivery of supplies and devices to outsourced revenue cycle management.

Your contracts with vendor partners should outline any flexibility for your ASC to adjust down or temporarily suspend services during a crisis, thus reducing expenses. If you discovered any ambiguity with your contacts during the pandemic or are unhappy with contract terms, speak with your partners about possibly revising contract language to provide you with greater flexibility and options. A good vendor partner should be interested in playing a role in helping your surgery center effectively manage the challenges of a disaster as your success contributes to their success.

In addition, ensure you are discussing with vendor partners the possibility of easily adding or ramping up services should you require them during a disaster. This could include more extensive cleaning services to extending technology support to employees working remotely to purchasing more supplies, such as personal protective equipment. By engaging in these discussions before you need such services and detailing them in your contract, you may be able to avoid or reduce premium fees associated with adding services on short notice.

Planning today to be better prepared for tomorrow

There is little good that comes out of a disaster, but one silver lining can always be lessons learned from the experience which then translate into changes that better prepare us. While the ASC industry responded in impressive fashion to COVID-19, as ASCs usually do when confronted by any disaster, we have also witnessed opportunities to improve our preparation. Working now to strengthen your ASC's disaster planning, including its financial strategy, will better ensure an even more impressive response the next time your center is faced with a significant challenge.

Randy Bishop is the president and chief executive officer of Surgical Notes (surgicalnotes.com), a nationwide provider of revenue cycle services and solutions for the ASC and surgical hospital markets. Contact Randy Bishop at randy.bishop@surgicalnotes.com. ■

ASC industry outlook: Q&A with Surgical Notes' Randy Bishop

Randy Bishop is the president and chief executive officer of Surgical Notes, a nationwide provider of revenue cycle services and solutions for the ASC and surgical hospital markets.

Q: What have you learned about the ASC industry during the pandemic?

Randy Bishop: We have been reminded of the resiliency, creativity, and fortitude of the ASC industry during this crisis. ASC staff and physicians have been proactive in their quest to resume performing surgeries safely in a new environment. This crisis further revealed the ASC industry to be comprised of professional and compassionate personnel as we navigated an unfamiliar and taxing situation. Our industry continues to lead as we prepare for what may come next.

Q: How do you feel the ASC industry is positioned as the country begins to recover from the crisis?

RB: ASCs are very well-positioned as we progress towards and work to navigate our new "normal." The industry as a whole has embraced the changes necessary to safely perform procedures under these circumstances and developed innovative ways to continue delivering the highest quality care. This includes triaging patients before they enter facilities, thus supporting the delivery of great service without additional infection risk.

Q: What do ASCs need to do to effectively manage the uncertainty surrounding COVID-19 in the coming months?

RB: The industry must pay attention to everything – even the smallest of changes. As cities reopen, we will need to constantly monitor the infection rates and watch for and be prepared to respond to trends. I do not believe we will have another nationwide "lockdown" on surgeries, but do expect we will have increased numbers of infections that will require ASCs to maintain strict enforcement of social distancing, testing procedures, wearing of face masks, and other policies that help keep patients and staff safe.

Until we have a vaccine and/or better treatment plans, the virus will linger in our communities. It is our responsibility to avoid spreading and help stop it.

Q: What do you think will be critical for ASCs to do if they hope to fully recover and thrive following the pandemic?

RB: ASCs will need to maintain their awareness and be prepared to respond to any new developments. Surgery centers adapt well to change and usually do so quickly. Being aware of the new "norms" and constantly adjusting operations will allow the industry to continue to lead by example. Implementing new technologies that permit facilities to effectively track, monitor, and schedule patients will be critical to ensuring continued success.

While we were hit hard during the health crisis, with the cancelation of millions of elective surgeries, I believe our industry will bounce back better than most and is looking at an even brighter future than before the pandemic.

Contact Randy Bishop at randy.bishop@surgicalnotes.com.