

How Is the Economy Affecting ASCs?

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Written by Stephanie Wasek

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A recent analysis of claims from 250,000 people in several dozen mid-Atlantic employer health plans suggests that "even people with coverage are cutting back on care," reports the *Wall Street Journal*. This includes elective surgical procedures. According to the study, conducted for the WSJ by research firm D2Hawkins, knee replacements per 1,000 people fell 18.6 percent between March 2007 and March 2008.

The story, which ran on page A10 of the Sept. 22 edition, notes that the "current economic slump's impact on demand for medical services has been surprisingly swift." However, the news is not necessarily all bad for ASCs, and there are ways to minimize the downturn's effect on your facility. Here's some advice from Rob Carrera, president of Pinnacle III.

1. Take advantage of the fourth quarter. "As we reach the fourth quarter, people's deductibles are met, so our centers' physicians report that they're seeing an influx of patients with both commercial insurance and health savings accounts," says Mr. Carrera.

With volumes strong through the end of the year, take advantage of the surge and book all the cases you can, while you can.

2. Don't have a false sense of security. While revenue will be coming in on the front end thanks to strong case volumes through the end of the year, now is the time to buckle down in the business office.

"Cash collections, and staying on top of them, are the key," says Mr. Carrera. "As the economy starts to stretch people's budgets, they start to make medical bills a secondary expense. You need to make sure patient payment responsibilities are taken care of up front, and to be focused on accounts receivable. You might consider outsourcing billing functions, because you simply can't afford to let those 30- and 60-day buckets push into the 90- and 120-day area. It will kill cash flow."

To ensure deductibles and other fees are paid up front, you can offer patients the ability to use credit cards or partner with specialized medical financing companies. One caution on credit cards is that the margins can be low, because a percentage of the charge is deducted; Mr. Carrera suggests avoiding that option unless it makes "the difference in getting the co-pay and doing the case."

3. Prepare for the drop-off. Some specialties, such as plastics — for which the majority of patients are self-pay and the majority of procedures are not medically necessary — are already seeing a drop-off, so you may be tightening the belt in these areas already. However, in the first and second quarters, there likely will be a slowdown; now is the time to brace your center.

"Depending on how all this shakes out, there may be some employment concerns for the new year," says Mr. Carrera. "If people don't have jobs or insurance, it could be tight for all of us. Unless we see a turn in

the economy in the meantime, people may start putting off some elective things come January, February, March."

Pinnacle III specializes in the operational development, management, select management, and billing for ASCs. Learn more about the company [here](#).