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Long Overdue: It's Time For All Providers To Develop An Ambulatory Strategy

By Lori Griffith

It's hard to believe that just fifty years ago, generally, all surgical procedures were performed within a traditional hospital environment. In those days, wait times for elective surgeries could range from weeks to months, with extended hospital stays being common. The patient, provider, and caregiver's expectations were in stark contrast to those of today. As healthcare consumer expectations have shifted to one that demands ease of access, high efficiency, and hotel concierge environments, providers are forced to pivot away from a largely hospital-based surgical service if they wish to compete.

Frustrated by a lack of control over operational challenges, two surgeons opened the first ambulatory surgery center (ASC) in Phoenix, Arizona, in 1970. These surgeons sought a better alternative to provide patients with timely, convenient, and safe surgery. Since then, the market for procedures performed within this care setting has grown exponentially. Now, more than 6,000 ASCs are operating within the U.S., with roughly 56% performing orthopedic surgeries.

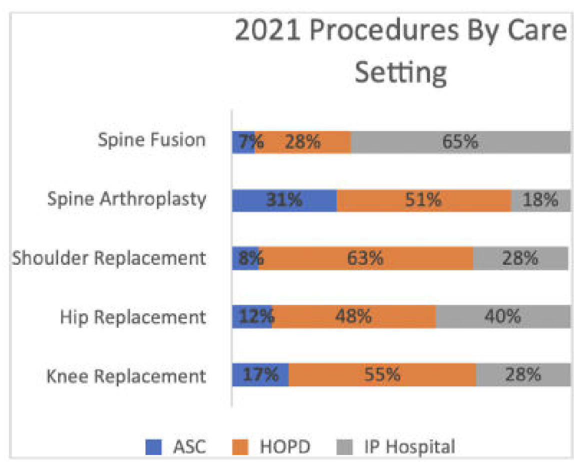
Several factors contributed to the ASC growth, chief among them are changing healthcare customer expectations, payer interest in decreasing cost, and the advances in care that have increased the number of procedures that can be performed safely in this setting. As deregulation continues in this post-Covid era, Corazon anticipates a significant growth in the demand for more services in ASC settings.

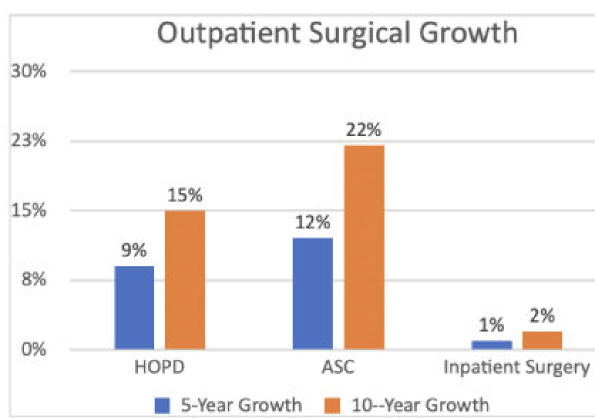
When they first started, ASCs were utilized for what may be best characterized as minor procedures. Patients requiring cataract surgery or dental procedures without an overnight stay were the initial target audience for these centers. However, in the 80s, Medicare began to reimburse ASCs for specific surgical procedures, which helped to increase their popularity. By the 90s, ASCs had become a popular alternative to hospital-based surgery for many patients and were particularly attractive to those seeking lower costs, shorter wait times, and greater convenience. The growth in these centers began to surge in the 2000s with the expansion of Medicare-covered services, growing physician compensation challenges, and, more recently, as a byproduct of the pandemic. More than ever, patients seek medical treatments everywhere BUT in a hospital.

Significant Growth Forecasted In ASC Volume

ASCs have become a standard part of the healthcare landscape, where more than 60% of all U.S. outpatient procedures are now performed. By the mid-2020's, ASCs are expected to perform over 68% of all orthopedic surgeries.[1] Where they were once focused on 'minor' procedures, now they offer a wide range of procedures, including more complex surgeries. Orthopedic ASCs that began by performing carpal tunnel surgery and simple knee arthroscopy are now performing total joint replacements, spine fusions, and complex arthroscopic surgery. There are more than 190 ASCs in the U.S. offering minimally invasive spine surgery and more than 550 performing total joint replacement.[2]

Source: Definitive Healthcare Source: Sg2 2023 Impact of Change Forecast





The significant movement of higher-acuity procedures can benefit patients and providers while reducing payers' costs. As patients have increased responsibility for their cost of care, a lower-cost alternative that offers convenience and high-quality services is very attractive. Operating in a smaller, specialized environment can provide a more personalized and seamless experience than their larger hospital counterparts. Additionally, it affords physicians greater control of their schedule and operations in general. All of these factors positively impact patient, staff, and physician satisfaction.

Physician ownership in an ASC is a financial advantage and an attractive provider recruitment tool. While most Medicare-certified ASCs remain 100% physician-owned, Corazon has noted a recent shift in the ownership structures. In particular, several hospitals, health systems, and private equity groups are investing in this market, which has resulted in new co-ownership models. Recognizing a need for increased outpatient surgery capacity while also responding to consumer choice and physician interests, an increasing number of hospitals and health systems have sought to partner with their physicians to co-develop ASCs as part of their ambulatory strategy. Third-party ownership of ASCs continues to be a part of the healthcare environment. While still the predominant third-party owner, management company ownership as part of the total pie is declining, with the influx of private equity groups and payors increasing their participation.

With CMS approving additional cardiology and orthopedic procedures, the demand for these specialty services within this setting will continue to surge. Healthcare leaders are advised to understand and ultimately capitalize on this demand by looking at the differences in surgical experience (in-hospital vs ASC) through the eyes of the patient. Ultimately, healthcare consumers seek "one-stop shop" outpatient facilities, creating an all-inclusive episode of care for many qualified surgical patients at one comprehensive outpatient site.

When applied to an orthopedic service, for example, this concept typically involves varied services such as orthopedic consultations, imaging, physical therapy, and outpatient surgeries, all in one location. This facilitates all care offered in one location, eliminating confusion for the patients, reducing the need for multiple appointments and visits, and streamlining care for the providers. This saves time for all involved and reduces stress in patients navigating a complex healthcare system. From a provider perspective, one-stop-shop facilities can improve efficiency and reduce costs by consolidating services in a single location. This can help providers manage their resources and streamline operations, resulting in better patient outcomes and lower overall costs.

Any ambulatory strategy must consider addressing challenges and opportunities in this growing and evolving healthcare environment. Assessing your particular market forces, regulatory environment, and trends is paramount while understanding organizational capabilities and limitations that may present barriers to success. The market continues to migrate towards patient-centered and value-based care, with one-stop shopping models becoming more of the norm. Through the provision of a more comprehensive and efficient approach to patient care, the incorporation of ASCs into surgical programming aids in reducing the overall cost of care while assuring quality patient outcomes. Most importantly, as the aging baby boomer population requires more attention – and same-day surgical procedures continue to be a preference – the demand for new, state-of-the-art facilities will continue to grow in the coming years. Thus, including a well-developed ambulatory strategy as part of your hospital and health system's strategic plan is necessary for all providers today.

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Resources:

1. *U.S. Ambulatory Surgery Center (ASC) Market Report, 2019 – 2025*
2. *Becker's ASC Review,* 10 Observations for 2022, February 21, 2022