

8 Reasons Why Surgery Centers Fail & How to Avoid Them

Written by Laura Dyrda | November 05, 2012 | [Print](#) | [Email](#)

Industry experts discuss why surgery centers fail and how you can keep from heading down that path.

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1. Lack of strategic planning. Surgery centers must have a strong strategic plan for success in the future. It's difficult to have one sure plan in today's ever-changing healthcare environment, but when you have guiding principles and alternatives plans ready the center is less likely to fail.

"One of the biggest reasons surgery centers fail is that they lack a flexible strategic game plan," says Aziz Berjis, DPM, Founder and Director of Glendale Outpatient Surgery Center. "You have to keep up with quick changes in medicine. With hospitals going into joint ventures with surgery centers and significant changes in healthcare reimbursement, it is crucial to have a flexible game plan."

When building a strategic plan, consider both the present and the future so you are ready for changes and the impact they could have on the surgery center. For example, a new law passed in California states that beginning on Jan. 1, 2013, workers' compensation cases will be reimbursed at 80 percent of Medicare, which will make a big impact on surgery centers that treat a high volume of workers comp cases.

"If 80 percent of your business is made up of workers compensation cases, you will suffer," says Dr. Berjis. "Diversify your payor mix so you deliver care to patients with PPOs, workers compensation, HMOs and Medicare."

2. Inflexibility. Healthcare providers have seen enormous regulatory changes over the past few years, and regardless of what happens in political elections, major changes are to come. Surgery centers refusing to react to these changes are likely to fail.

"You have to be able to quickly adjust to unexpected changes," says Dr. Berjis. "You can't set a business plan and try to make it work at the mercy of others. Your facility has to change."

The most flexible surgery centers are physician-owned entities because they are able to change quickly, and surgeons are incentivized toward success. "The most successful surgery centers are the ones that are physician-owned with a flexible game plan," says Dr. Berjis.

3. Patient care is a secondary concern. Quality patient care must be at the forefront of everyone's mind at the surgery center. Without a strong foundation for patient care, there will be infections, complications, inefficiencies and poor patient satisfaction scores. Patient flow drives business at the surgery center.

"Patient care has to come first," says Dr. Berjis. "As long as you are providing top patient care, your doors will continue to stay open."

To take your surgery center to the next level — success — you must have the appropriate payor mix, good contracts, efficiency and superior patient experience.

4. Inefficient scheduling. Any inefficiencies at the surgery center are frustrating for surgeons bringing cases in, but when the scheduling is inefficient they are likely to take their cases right back to the hospital. Losing cases

means losing revenue, and surgery centers without a healthy revenue cycle will fail.

"When there are scheduling nightmares and a doctor can't get into the operating room, they will take their cases somewhere else," says Jay Shorr, founder and managing partner of The Best Medical Business Solutions. "You might also see surgery centers that are understaffed or have slow recovery times because too much anesthesia was administered."

5. Inconsistent staff. Surgery centers with a revolving staff are inefficient and may not work well with the surgeons. New staff members might take a long time getting the histories or physicals done in time for the procedure to start, and that wastes the surgeon's time.

Additionally, surgeons prefer to have the same operating room staff whenever possible so the procedures run more smoothly. A large surgery center may not be able to guarantee that kind of consistency.

"When you go to a surgery center, they might have five or six operating rooms and you might not get a team you know," says Mr. Shorr. "It slows down your time, and that's problematic when you are paying by the hour. If we are doing a surgery at my center, my anesthesiologists, nurses and scrub techs know every move my doctors are going to make before they make it. My nurses have what I need ready before the surgeons ask for it."

6. Ignorance of regulatory issues. Leaders at the surgery center should be aware of regulatory issues and make sure they are compliant. Surgery centers sometimes fail because they weren't aware of non-compliance, and that's an easy problem to fix.

"The surgery center may be under funded, or the medical directors aren't risk managers so they aren't aware of all the regulatory issues of the surgery center for risk management purposes," says Mr. Shorr. "Sometimes surgery centers fail because they don't follow protocol by individual states."

Each state has its own laws, in addition to federal laws, and each step your surgery center takes must be compliant. Administrators must also be aware of changing regulations and stay abreast of those issues.

"You need to do your homework prior to making changes at the surgery center," says Mr. Shorr. "Some fail because they may not be credentialed to qualify for insurance reimbursement; they may only be able to perform elective procedures."

7. Improper surgery center marketing. Whether you are an office-based facility or ambulatory surgery center, you need to appropriately market your services to drive patient volume. This could mean marketing your surgery center on social media, at community gatherings or with newspaper ads.

It also means you have to market it to surgeons and referring physicians.

"There are several reasons why a surgery center could fail, and one is that it isn't marketed enough to surgeons," says Mr. Shorr. Make sure surgeons in the community are aware of your center and understand the benefits of bringing in their cases. It's also helpful for the surgery center to continuously recruit new surgeons.

"Constantly recruit new surgeons, even if you are at capacity," says Dr. Berjis. "Never be content with the number of surgeons you have — someone could leave, move, or retire. Also, be active in your community."

8. Prices are too high. Prices can't be too high at the surgery center, especially if you are charging for cash-pay services. New technology, operating systems and office equipment could cost the surgery center a lot of money, but over charging will drive patients and insurance companies away.

"You don't want the prices to be too high, whether it's a gastroenterologists doing colonoscopies in a surgery center or an ophthalmologist doing laser refraction, or a general surgeon doing hernia repair," says Mr. Shorr. "Surgeon investors want to see a return on investment. If I'm a partner in the surgery center, the profit is what I

yielded, so I'll get a premium at the end."

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