# Office-Based Lab Models: Business Operations and Growth Strategies

The third in a four-part series discussing office-based labs (OBLs) and ambulatory surgery centers (ASCs) from the perspective of three physicians. This article explores the business operations in an OBL and ASC environment and strategies how to grow the business. Previous articles included OBL development, key issues and lessons learned, and a clinical overview of therapies and devices in the OBL. The final article will focus on trends and predictions for the OBL future.

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## OPERATIONAL OVERVIEW OF THE HYBRID OBL/ASC MODEL

### How did you establish business processes and procedures in your office-based lab (OBL)/ambulatory surgical center (ASC)?

**Dr. Cross:** Launching an OBL and/or ASC can be a daunting task. As doctors, our expertise and desires lie with the medical specialties and providing outstanding patient care. However, some physicians are drawn to the challenge of setting up and running both the medical and business sides of an OBL, affording them complete control over the entirety of the operation. Our group opted to go with a business partner that had expertise in all areas of starting and operating an OBL/ASC to help us get started. They remain our partner today and are responsible for all aspects of running the operations. Another option is to partner with a large manufacturer, such as Philips, that can provide the full suite of capital equipment, disposables, and equipment services. If your practice does not have the expertise in launching an OBL, these last two options may be the faster path to take. They can help you navigate through the various stages of outfitting your OBL.

### How do you evaluate and improve processes?

**Dr. Cross:** Our ASC is accredited through the Joint Commission and must be maintained to the highest

standards. Like any business, we develop and track metrics to help assess how we are doing. For example, when our measures for hospital transfers, infections, and/or patient satisfaction, vary from the norm, we can identify the issue and implement a course of action to bring the metrics back in line. This enables us to meet or exceed expectations. So far, for 2017, our overall patient satisfaction rate is 97.5%. Additionally, 98.2% of patients would recommend our facility to their family and friends.

As medical director of the OBL, I meet monthly with the staff to review issues and measure variances pertaining to patient care. Our leadership also meets to focus on the business. We discuss a variety of topics, including patient flow, patient satisfaction, and processes that we can improve. We consider acquiring new equipment or devices at that time, particularly if it would result in improved quality and care. Last, we stay current on industry practices and clinical skills through continuous education.

### How does the hybrid model affect utilization and growth?

**Dr. Cross:** The addition of the ASC was a business decision that enabled us to capture more cases. We perform between 95 to 110 cases per month in our hybrid lab, which has an approximate utilization rate of 80%. In the OBL, we mostly perform heart catheterizations and peripheral interventions. On the ASC side, we perform about 12 to 18 cases monthly, mostly device implantations (eg, defibrillators, pacemakers) and interventions that we cannot perform in the OBL due to insurance company guidelines. The ASC has really helped increase our overall utilization.

### What else have you done to grow your practice?

**Dr. Cross:** Beyond the ASC, the key to growing a practice is having good communication with the doctors who refer patients to you and good communication with their patients. Educating primary care physicians on what you do and how you can help their patients can have a huge effect on growth.

Occasionally, we'll invite physicians to special events. These are usually smaller, more intimate gatherings where we'll give a talk on one of our therapies followed by a Q&A session. We have done that on a larger scale as well.

Patient-centered events include free screenings for peripheral artery disease (PAD) or venous disease. We've been thinking about putting together courses that our nurse practitioners can teach to a group of patients with specific ailments that we can treat.

Our top referral sources are from wound care clinics, including wound care specialists and podiatrists. It is often difficult to diagnose PAD, so we convey the importance of considering PAD as a diagnosis, treatment options, and our capabilities to these specialists. These types of conversations often result in a significant number of heart-related referral patients as consults from primary care physicians or following discharge from the hospital emergency department.

## BUSINESS PROCESS IMPROVEMENTS AND GROWTH IN THE OBL MODEL

### How have you approached business process improvements?

**Dr. Gonzalez:** Early on, we decided to bring the business side of our practice in-house. It was a steep learning curve for us, but it resulted in a greater degree of control over our practice. We do our own purchasing, billing, scheduling, staffing, and training. We have developed pretty efficient procedures over the years—all with an eye toward improved customer service, patient throughput, and patient outcomes.

Our adjustments have been gradual and designed to smooth patient workflow and enhance patient experience. For example, we recently modified one aspect of our scheduling process. Previously, we would schedule follow-up procedures a day or two after the patient's initial visit. This resulted in a lot of phone tag, patients misplacing their instructions, and occasional delays in subsequent treatment. We learned over time that it's better to schedule the procedure before the patient leaves the office. That way, they are booked and if the patient has to reschedule, it's a single phone call.

With the opening of the new facility, we are implementing some changes based on what we learned from our first facility. We will have bigger rooms and more recovery areas, so we can have more than two or three patients in recovery at a time and increase the throughput of our first OBL. However, our patient workflow and procedures will remain relatively consistent. This is important because even in a medical setting, standardization plays a big role in improving quality as it reduces variation, mistakes, and inefficiency. I think the biggest improvement with the new facility will be the acceleration of treatments for our entire patient base. Coupled with an additional ultrasound tech, this second OBL will shrink the time it takes for patients to wait for the scheduling of their procedure.

**Dr. Wright:** We have learned a lot since we launched our first OBL that we are integrating into our new

facility. However, as we continue to grow, we will rely on industry leaders, such as Philips, for updated programs, products, and clinical and educational training. Our practice believes that patient education and product advancements will improve patient outcomes. The Philips suite of products and services is beneficial to a business like ours because we can focus on what we do best—patient care—and rely on their vast expertise in the industry to help grow our business.

Our physicians and main team meet monthly to discuss a variety of topics relevant to the practice, including process improvements. We make sure that we are all in agreement and then the area manager is in charge of implementing the change. As we continue to grow and expand, we anticipate realizing increased economies of scale and profitability.

### How do you measure quality?

**Dr. Gonzalez:** We have a postoperative surveillance process where we gather feedback on how our patients are doing immediately following the procedure and long term. We solicit direct patient feedback, such as how they like the center, their experience, and how we rate on care and attention. We also get feedback from the families of patients on how well we're doing. Fortunately, 95% of the patients and family members are happy with their experience and would come back and recommend our facility to family and friends.

### Have you fully implemented the Medicare Access and Children's Health Insurance Program Renewal Act (MACRA)?

**Dr. Wright:** We are already in compliance with much of the MACRA criteria including electronic health records, quality measures, and leveraging technology to provide quality care. January 2017 was the start of the first performance period for 2019 payment adjustments under minimally invasive, image-guided procedures/ alternative payment models. Because we treat so many Medicare patients, we are required to participate. Like many aspects of our practice, we're cautiously approaching it. We are doing everything that we need to do to be compliant; however, we are mindful that continued changes are likely in the coming years, and we don't want to get too far in front of this until the program matures and stabilizes.

### How have you grown your practice?

**Dr. Wright:** We do a variety of things to market our practice. A large portion of our patients come to us because we have a strong reputation and have been in the market for a long time. We also do proactive outreach, particularly for our venous work. We have a strong online presence, and we've done radio and TV advertising. We recently hired a full-time marketing liaison that markets for us directly. He meets with primary care physicians and podiatrists, keeping them informed of what we do. He also hands out educational materials on PAD.

Our physicians play an active role in marketing our therapies as well. At our monthly meetings, each physician discusses what he or she is doing to grow the business. It's not difficult or time consuming, but we are a business and who better to promote it than the physicians. Lastly, if we find a group of physicians that are routinely referring to our practice, we will organize a dinner for them to review the work that we're doing in our outpatient lab.

Our business relationships are also important resources in growing the practice. For instance, in addition to providing patient education materials, Philips has access to various marketing databases to enhance what we are doing.

**Dr. Gonzalez:** A primary source of growth is word of mouth. Our referrals are nearly 45% from primary care physicians, 45% from satisfied patients, and about 10% from the emergency room or others. Because I am bilingual, I can personally help communicate our services with our large Spanish-speaking community.

For educational outreach, physicians do grand rounds at the hospital and presentations at community centers and assisted-living facilities. I visit nursing homes and hold informal talks about healthy legs and PAD. We do these events once or twice each quarter.

### Are you growing your practice by adding new procedures?

**Dr. Gonzalez:** Currently, we do peripheral angiography and all the venous work, and we've talked about adding more procedures. Specifically, we considered doing dialysis work starting with fistulograms and moving to access grafts and fistulas. The problem with this line of work is that you need volume to make it profitable. Patients are often in an emergency situation, so it can disrupt the schedule. If we don't have three or four of these types of patients every day, then we are losing money with uniquely qualified staff on board sitting idle.

You have to be strategic about growth and add new procedures that are either complementary or similar to the skills you currently have. Making quantum leaps to very different therapies can be a recipe for insolvency.

In growing the practice through new therapies or procedures, we first look to those we can do in-house with current staff (see article, "The Value of Intravascular Ultrasound Use in Hemodialysis Arteriovenous Access," in this issue for a broader discussion).

### What are the pros and cons of partnering with other physicians?

**Dr. Gonzalez:** Another way to grow your practice is to rent available space to doctors with different skill sets and specialties. We are considering working with outside cardiologists to implant pacemakers at our new facility. For that to happen, we would need to convert our new OBL to an ASC and gain proper accreditation. The good news is, we built our second OBL with that in mind. We ensured that we had sufficient capacity, the ability to install required equipment, and adequate space to migrate to an ASC relatively easily. That way when the opportunity presents, we can move forward.

You must be careful with whom you align and consider the costs and benefits. An outside physician is not as invested in the practice and may not operate in a manner to maintain or build on a great brand. I have seen circumstances where outside physicians will try and lure your patients away. So be cautious and do your homework before inviting in outside physicians.

When doctors do rent our space, we will provide the support staff, including x-ray techs, scrub nurses, and nursing staff. The physician may want to bring their own nurse, but it would only be for front office–type help. The doctor basically rents out our staff, the room, the equipment, and pays for what he uses. If he uses $2,000 worth of wires and catheters, he will pay for that, plus an overhead charge. ■