Financial Disclosure

We have the following financial interests or relationships to disclose

<table>
<thead>
<tr>
<th>Sandy Clingan Smith</th>
<th>Paige Proffitt</th>
</tr>
</thead>
<tbody>
<tr>
<td>• Associate Vice President at AMSURG, a nationally recognized leader in the development, management and operation of outpatient surgery centers.</td>
<td>• Regional Vice President at AMSURG, a nationally recognized leader in the development, management and operation of outpatient surgery centers.</td>
</tr>
<tr>
<td>• Leads strategic planning for AMSURG ASCs</td>
<td>• Manages 8 ASCs</td>
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Learning Objectives

1. Inspire you to prepare your ophthalmic ASC for growth in a complex, changing world
2. Learn how to develop a
   - Comprehensive look at your marketplace
   - Benchmark your ophthalmic ASC’s financial performance
3. Review tested ways to involve all the key stakeholders in the planning process, to ensure buy-in
Agenda

1. Why a strategic plan?
2. How we got started
3. How do you start a strong strategic plan?
4. Key elements for your plan
5. Real life examples
6. Action plan & follow through
7. Q&A

Why a Strategic Plan?

- To expose and reconcile differing goals
- To be pro-active rather than reactive
- To help prioritize resources and choose between mutually exclusive goals
- To set agreed-upon objectives for managers/directors
- To avoid project whiplash
How did we get here?

- Our physician partners TOLD us we weren’t doing a good job of strategic planning
  - We realized that we were being more reactive than proactive!
  - Constant change in health care makes it HARD to be proactive, but more essential than ever!
- We hired BSM Consulting to help us ‘reinvent’ how we do strategic planning
  - Started with our 39 eye centers
  - Success led to expansion to all 250 of AMSURG’s ASCs
- Thanks and credit to Maureen Waddle and Derek Preece who patiently guided us through the process!

Strategic Planning Process

- Gather Information
- Market, Industry Analysis
- Situation Analysis: Financial, Benchmarking, SWOT
- Identify Opportunity / Prioritize Goals
- Develop Action Plan
- Implement, Measure

AMSURG: Our Process

- We have a team in Nashville that does the analytical work
  - Market Study
  - Financial Benchmark
  - Opportunity Analysis
  - Pulls it all together into a book and a presentation
- We hold a planning session in a three hour meeting
  - We don’t come in with “The Answer”
  - We bring the facts and strong facilitation
  - As a group, we agree on what we want the future to look like
AMSURG Meeting Agenda

- Review agenda & objectives
- Ophthalmology Environmental Trends
- Market study
- Financial benchmark & center utilization
- SWOT: Strengths/Weaknesses/Opportunities/Threats
- Prioritization
- Action Plan

The Future is Now: Strategic Planning for your ASC

Why should you invest the time?

- When it gives you a CLEAR PICTURE of where you want to be
- When it brings the key stakeholders into ALIGNMENT
- When it forces you to chose that SOME THINGS ARE MORE IMPORTANT than others
- When it allows you to be PROACTIVE, not reactive
- When it RENERGIZES your team

The Future is Now: Strategic Planning for your ASC

Begin As You Mean to Go On

Clarity is the key

- We understand: It's hard to fit this into your day job
- So be 'strategic' about how you do it
- Be clear on what strengths and resources you have
- Be willing to ask for help where you need it
- Make time to do this right
  - The reward is getting clarity on what is important to the stakeholders and what is not!
Getting Started

Define the right process for your organization
Be very clear on your key stakeholders
- Owners/Surgeons
- Center Leadership
- Practice Leadership
- Other?
Gain agreement from stakeholders on process, timing and expectations
- Single meeting vs multiple ‘check ins’ along the way?
- We have learned that two or more heads are WAY better than one!
Gather information to define objectives
Dive in and start!

How are you feeling about this?
Anything scare you?

Gut check

Key Elements

- SWOT
- Market Study
- Benchmarks
- Ophthalmology Environmental Trends
Pull together key trends from across the U.S.
Examples might include
- Impact of Aging Baby Boomers
- Consolidating Payers and ACOs
- Changing Referral Patterns
- Patient Technology Usage
- New Technologies for Ophthalmology

Market Study
Where are your patients coming from today?
- Know where your patients are coming from using zip data from your billing system
- Define market area based on current patient zip codes

Focus on what is important
- Narrow down to the key zips: 70 – 80% of your market
**Market Study How Tos**

You know most of this already!

- Mapping software is your friend
  - Also online tools available
- Census bureau data is readily available and free!
  - Demographics: Age/Income/Education
  - Population density
  - Projected growth by zip and by age
- Competitive: Hospitals/ASCs/Practices
- Also, be on the lookout for excellent local resources from your state or local health department

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**Benchmarking**

What do the numbers tell us?

- Key indicators of profit and efficiency
- Trends over time: three years worth of data
- Comparison data for benchmarking: OOSS, AAAHC, local ASC benchmarking, internal benchmarking
- Case volume, types of cases and physician productivity
- How much of our case volume is coming from surgeons 55+ and 60+?

<table>
<thead>
<tr>
<th></th>
<th>Partner Physicians</th>
<th>Non-partner Physicians</th>
</tr>
</thead>
<tbody>
<tr>
<td>Case Volume</td>
<td>90</td>
<td>40</td>
</tr>
<tr>
<td>% Total Revenue</td>
<td>81.7%</td>
<td>18.3%</td>
</tr>
<tr>
<td>% Total Cat Cases</td>
<td>80.6%</td>
<td>0.0%</td>
</tr>
<tr>
<td>% Total Cases 55+</td>
<td>86.7%</td>
<td>0.0%</td>
</tr>
<tr>
<td>% Total Cases 60+</td>
<td>80.0%</td>
<td>0.0%</td>
</tr>
<tr>
<td>% Total $$ 55+</td>
<td>48.1%</td>
<td>0.0%</td>
</tr>
<tr>
<td>% Total $$ 60+</td>
<td>40.0%</td>
<td>0.0%</td>
</tr>
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**OOSS Benchmarking** - Allows you to compare your ASC to your peers across the US

- Excellent tool to help you understand both business and clinical performance
- Basic benchmarking available to anyone; enhanced benchmarking available to OOSS members
- Enter your data now (March – May) for benchmarks available in June
- Sign up here: [https://ascpm.ooss.org/default.aspx](https://ascpm.ooss.org/default.aspx) or email Albert Castillo at acastillo@ooss.org
Clinical Benchmarking

Metrics
- Surgical days per year
- Cases per surgical day
- Types of surgical cases
- Employee hours per case
- Percentage of cases cancelled
- Reasons for cancellations

Financial Benchmarking

Metrics
- Supply cost per case
- Net collection ratio
- Percentage of Medicare reimbursement
- Accounts Receivable aging
- Expenses and Collections

Financial Benchmarks

How dependent are you on one sub specialty?

Using graphs helps make the story come alive
Operating Expense Ratio

The Future is Now: Strategic Planning for your ASC

Surveys: Building Input

- Upfront process to get input from all stakeholders with questions like:
  - What are three key reasons this ASC has been successful to date?
  - What are the biggest obstacles in implementing plans for growth or other strategic initiatives?
- Input is used to summarize priorities and build a report card which is presented at the strategic planning meeting

Partner Top Priorities

1. Clinical efficiency
2. Patient satisfaction/customer service
3. Partner relationships
4. Execution to strategic plan (implementation)
5. Facility appearance; size; location
### Surveys: Building Input

**How are we doing?**

<table>
<thead>
<tr>
<th>Partner Operating Report Card</th>
<th>Grade</th>
</tr>
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<tbody>
<tr>
<td>Partner Relationships</td>
<td>B+</td>
</tr>
<tr>
<td>Decision Making</td>
<td>B+</td>
</tr>
<tr>
<td>Execution to strategic plan (Implementation)</td>
<td>B</td>
</tr>
<tr>
<td>Relationships with other doctors in the community</td>
<td>B</td>
</tr>
<tr>
<td>Billing/Accounts Receivable</td>
<td>B+</td>
</tr>
<tr>
<td>Monthly reporting of financial and patient flow numbers</td>
<td>A-</td>
</tr>
<tr>
<td>Quality Assurance and Compliance</td>
<td>A-</td>
</tr>
<tr>
<td>Clinical efficiency</td>
<td>A</td>
</tr>
<tr>
<td>Our relationships with healthcare plans</td>
<td>A+</td>
</tr>
<tr>
<td>Patient Satisfaction/customer service</td>
<td>A</td>
</tr>
<tr>
<td>Facility appearance; size; location</td>
<td>B+</td>
</tr>
<tr>
<td>IT systems</td>
<td>B</td>
</tr>
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### Questions?

**What is a SWOT?**

- **Strengths**
- **Weaknesses**
- **Opportunities**
- **Threats**
What is the Value of a SWOT?

Enhance and/or take advantage of your strengths
Set Goals to:
Improve/reduce your weaknesses
Take advantage of opportunities
Eliminate threats

The Future is Now: Strategic Planning for your ASC

SWOT Simplified version for a Center

Strengths
- Dedicated employees
- Up to date technology
- Place the patient first every time
- Good outcomes

Weaknesses
- Succession Planning
- Complacent
- Excess Capacity
- Single Practice

Opportunities
- Cementing OD relationships
- Laser Cataract Surgery
- Update Waiting Room
- Expand Out of Town clinics

Threats
- ACOS/disruption of patient choice
- Declining reimbursement
- Nearby hospital hiring ophthalmologists

Key Opportunity Areas

Expand Eye Care Services:
- New subspecialties
- New procedures

Increase Current Surgeon/Center Productivity
- Facility enhancements
- Cost reductions

Attract Additional Ophthalmologists
- New Surgeons
- New Practices

Succession Planning/Ownership Equity
- Sharing Equity to Younger doctors

Healthcare Community Opportunities for Joint Venture
- Merger of ASCs
- Creative Partnerships

Add Non Eye Care Specialties
- Pain

The Future is Now: Strategic Planning for your ASC
Identify & Analyze Opportunities

- Brainstorm and identify possible opportunities
- What do you need to know to make decisions?

Situation: One room ASC is nearing capacity

- Procedure volume
- OR Block
- Scheduling

Market
- Market Share
- Competition

Succession Planning
- Retirement plans?
- Doctor recruiting

Current Utilization
- Can you utilize current capacity?
- Room to expand?
- Cost to relocate

Cost
- Can you utilize current space more efficiently?
- Room to expand?
- Cost to relocate

Brainstorm and identify possible opportunities

- What do you need to know to make decisions?

Situation: Center costs per case are higher than benchmarks

- Case costing for each subspecialty
- Inefficient purchasing habits?
- Physician preferences
- GPO – buying on contract
- Waste of supplies in OR

Drugs
- Case costing
- Cost of anesthesia
- Physician preferences
- Anesthesia provider preferences and habits

Supplies
- Case costing
- Types of anesthesia
- Anesthesia provider preferences

Staffing
- Employee hours per case
- Staff scheduling
- Mix of staff
- Overtime

Variable Expenses
- Linen
- Biohazardous waste
- Cleaning services
- Maintenance contracts
- Equipment repairs

Real Life Examples

- Facility/Real Estate
- Cost Management
- Adding Sub-Specialties
- Technology: Femtosecond, Guidance Systems, etc.
- Clinical Efficiencies
- Succession Planning/Ownership
- Physician Recruiting
- OR Utilization/Scheduling
**Prioritize!**

- Consensus and agreement on what is most important to all
- Ensure all voices are heard
- Agree on way to make decisions
- We usually use a ‘dot’ voting system
  - Starting to use an internet-based system, Poll Everywhere

**Action Plan & Implementation**

Follow Through is CRITICAL

- For each key initiative, lay out
  - Key next steps
  - Who is responsible
  - Due dates
- Create tracking mechanism
  - We use a simple excel spreadsheet
- Follow through!
  - Update action plan on a quarterly basis
  - Report back to team

**Questions?**
And what about the practice?

- The practice and ASC strategic plan need to be in line
  - Particularly for a single practice ASC
- Basic process is the same....
- Benchmarking resources will differ a bit.
  - ASOA has excellent resources
  - John Pinto’s Little Green Book is a gold mine as well

More Resources

- We are happy to share the resources and answer questions!
  - Packet of worksheets that can’t be posted at ASOA site
    - Survey & excel worksheet
    - Financial Benchmark excel worksheet
    - Succession Planning excel worksheet
    - Action Plan template
  - Want a packet? Email Sandy Smith at sandy.smith@amsurg.com

Thanks for Coming!

- Feel free to email or call if you have any questions!

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