

Build on the Power of Partnership:

A unique perspective on establishing a strong financial foundation for your Ambulatory Surgery Center

How do you build—and better yet, grow—a financially stable, high-performing ambulatory surgery center (ASC) in today's seismic healthcare landscape? It's the question many physicians, business owners, and healthcare systems ask both themselves and just about anybody else who may have insight. With so many stakeholders investing so much in success, the question on the minds of those involved is how to speed time to profitability.



Meet someone who knows what it takes to build a successful ASC.

Prashanth Bala is the Vice President of Ambulatory Surgical Services for Shields Health Care Group in New England, a large regional system with a superb reputation for quality care and excellent diagnostic skills. With four thriving ASCs and more under construction, Shields has placed unprecedented emphasis on a perhaps underrated strength to build a successful ASC—**partnership**.



A major academic hospital approached Shields to build and run an outpatient facility.

It had the potential to be an awesome challenge. Shields was able to cement a group of partners with unique skill sets that could be leveraged to **create an almost unprecedented operation that realized a profit within two years** while simultaneously improving access to care and value to patients. Physicians, support staff, equipment vendors, and financial services partners were selected, in part, for their willingness to accept risk and an entrepreneurial mindset that complemented the partnership's goals.



Based on that successful formula, Shields was able to build two more ASCs that each turned a profit within the first two years of operation.¹

¹ Outcomes are specific to this customer and may not be typical. Many factors impact the ability of a healthcare institution to create a profit. GE Healthcare and HFS make no guarantees concerning customer or program profitability.

Find the right partners

“Shields has always been at the forefront of what’s next in order to improve the quality of care,” says Bala. “If we’re going to partner to do something different, we want to make sure that it delivers the highest quality care.”

With that as a benchmark for partnership, Shields refined the search to those partners who not only subscribed to the overall goal of delivering excellent patient care, but to those who were also willing to adopt an entrepreneurial mindset to help the ASC get on its feet. Essentially, they looked for those who could bring an unexpected capability to impact the operational, clinical, and financial aspects of the ASC. Mr. Bala and his team gathered physicians, vendors, and staff who fit their carefully defined criteria.

- Physicians are encouraged to take an ownership attitude when it comes to equipment selection and operations. It’s in their best interest to build a stronger bottom line without sacrificing quality of care.
- Staff become stewards of efficiency. They are encouraged to streamline workflows and pioneer better processes while maintaining an exceptional level of care.
- Vendors are chosen based on their willingness to create opportunities to minimize initial investment and maximize their investment in a long-term relationship. “Coming up with financing strategies or no-cash outlay strategies is what’s going to set vendors apart from those that just need cash today,” says Bala.

With the right partners in place, an ASC is free to function without the usual roadblocks of waste, delays, and inefficiencies. “We have that cultural DNA that allows us to optimize efficiencies in a way that prioritizes time and care, which is the essence of an ASC,” says Bala.

Leverage the unique strengths of your partners

One of the more powerful aspects of partnership is diversity of ability. Each partner may be engaged based on its core strength, but it may also bring additional capabilities to the table. Those capabilities can lead to growth for the entire ASC. Shields recognized that early in the development of its Medford ASC. “Medford has predominantly orthopedics, everything from joints and spine all the way down to hand cases and foot and ankle. But we also have ENT, where we're not doing that anywhere else right now. We chose to do that in Medford because that's a logical step based on who we have in that market and our partners there. So, within the same facilities, we now have three different specialties that really help us drive what's needed in that community,” says Bala.

That kind of diversity of capability runs over into Shields' vendor relationships, as well. Shields has chosen GE Healthcare as its imaging equipment supplier for its ASC locations. They've relied on GE Healthcare's ability to help build a viable ASC through GE Healthcare, Healthcare Financial Services' (GE HFS) inventive equipment financing structures, and volume pricing, enabling Shields to navigate the first years of operation with low initial cash outlays.

**FINANCING
STRUCTURES**



**VOLUME
PRICING**

Think beyond traditional financing sources

The complex financial structure that is inherent in building an ASC—physician partners, operators, hospital systems, etc.—can prove to be a challenge when it comes to establishing and securing a stable foundation. Not to mention all the external market forces that could be at play. “We want our financial partner to understand the headwinds that we're about to go through to get this first year up and operational, allowing us to carry the financing options over a period of time,” says Bala.

That's where a financial services company could be in a better position to build that stable foundation versus a more traditional financing source. The key benefit is an innate understanding of, and exclusive focus on, the health care industry.

“We pride ourselves on building long-term relationships with our customers that allow us to showcase our unique abilities and give them the flexibility and innovation they need to build a strong financial foundation.”

Mark Lombardi, Business Leader
U.S. and Canada, GE Healthcare Financial Services (HFS)



What healthcare financial solutions can do

It's more than just financing equipment. GE Healthcare financial services can also create connections. Leveraging its broad experience across hundreds of different healthcare and healthcare-supporting entities, a good healthcare financial services partner can put ASCs and potential partners together, even if it only remains the conduit for the connection.

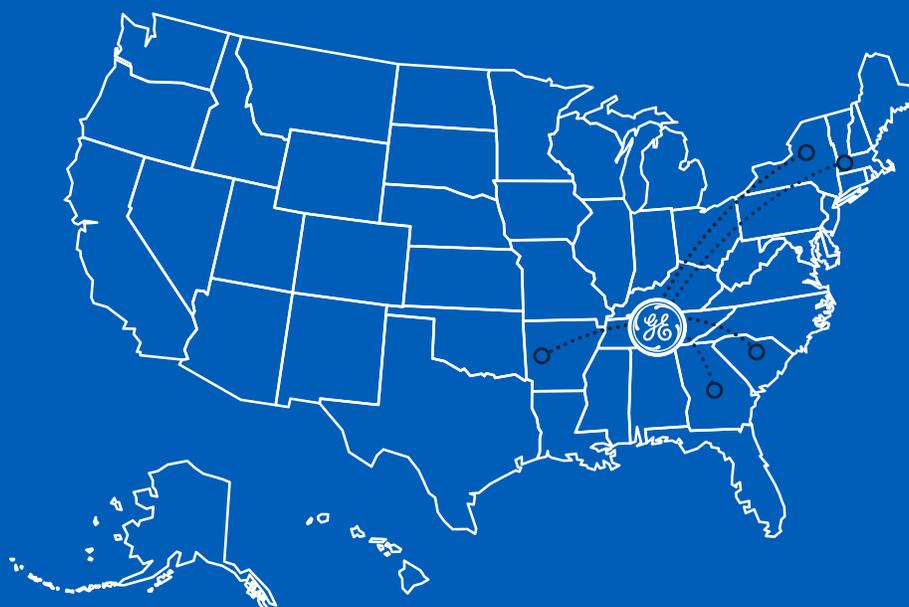
GE HFS utilizes its deep knowledge and understanding of the healthcare industry to find creative and unique solutions. GE HFS can tailor financing terms that may be more favorable to an ASC's growth in the critical first few years, often devising "buy now, pay later" scenarios that help preserve capital.

"Our domain in the health care industry allows us to customize and create solutions that meet very specific client needs," says Mark Lombardi.

Plus, as a long-term partner to an ASC, HFS can help design and support standardization efforts that can dramatically affect efficiency and profitability.



Overall, the biggest assets an HFS company can offer a growing ASC are its flexibility, ingenuity, and eagerness to complement their entrepreneurial spirit.



From the Northeast to the deep South—How GE Healthcare connected Shields across the country. GE HFS hosted an event in Nashville where a panel of healthcare companies, including Shields, were able to discuss the challenges and successes each encountered in building an ASC. The panel covered the horizontal and vertical expansion of their companies, including the most efficient ways to serve patients, maximizing the patient experience, and using technology to increase profitability. Ultimately, Shields was able to use the shared intelligence to impact its long-term plans and strategies.

Advice for the ASC builders...

Finally, players should be cautious of what challenges they may face in their spaces. Identify where opportunities that may strengthen your operations exist. Pinpoint the roadblocks you may face in your first year, especially the financial ones. “If you look at reimbursement, there’s the hospital inpatient fee schedule. These are all published by Medicare. There’s the hospital outpatient fee schedule. There’s the ASC fee schedule. And then there’s the clinic fee schedule. All of which are different,” says Bala.

Leverage GE Healthcare Financial Services as your holistic partner to:

- Secure essential equipment now and pay later.
- Minimize up-front capital investment by aligning revenues with expenses to maximize cash flow.
- Execute routine replacement CapEx or service line expansion programs.
- Gain access to integrated comprehensive solutions including technology, service, software, and finance.

One last piece of advice from Mr. Bala—

“Put a lot of time and attention and choose the right partner that’s going to help you get payer contracts done correctly. If you don’t have good contracts, you’re always going to be playing catchup. It doesn’t matter how many patients you see. So, put a lot of time and effort into that along with everything else we’ve done—with vendors, with financing, with the right staff, choosing the right physician, the right procedures, the right specialty, and so on.”

“If you’re going to **take volume out of the hospital and put it into an ASC, you’re on average losing about 50% of revenue.** That’s something people need to first understand, the reimbursement.”

To make up for that instant lost revenue, ASCs need to add other physicians, specialties, or procedures to the portfolio. (Refer to leveraging the strengths of your partners for expansion above).

When you are ready to start building your ASC, give us a call.

GE Healthcare is proud to be a part of the ongoing Shields ASC success story. We enthusiastically work with Shields to add our capabilities as both an imaging equipment supplier and an eager financial services strategist, and we offered a willing hand in getting Shields’ ASCs built and flourishing.

Visit our [website to learn more.](#)

