Selling to Surgery Center Customers
Ambulatory surgery centers (ASCs) are a popular setting for many surgery and diagnostic procedures.

For the patient, they offer convenient care, generally with fewer hassles than a hospital visit. For the sales representative, they provide a sales opportunity – many ASCs purchase med-surg supplies at a rate similar to that of a small to mid-sized hospital without much of the bureaucracy that can make hospital selling a time-intensive challenge.

Penetrating the ASC market requires understanding how they work, and what makes them different from other types of healthcare providers. Understanding these unique aspects of ASCs as a whole and learning how to do your homework to understand the needs of a specific facility will help you approach them confidently and effectively, avoid damaging missteps, and position yourself quickly and efficiently for sales success.

This AMS course will help you accelerate your learning curve and sell successfully to ASCs.

IN THIS COURSE YOU WILL LEARN:

» The history of ASCs, what they do, and how they do it
» How ASCs are operated and managed
» How ASCs are regulated and how they are paid
» Which med-surg supplies and equipment ASCs purchase, and how they purchase them
» How to approach ASCs, differentiate yourself from competitors, and make sales
Surgery centers: what they are, what they do

Ambulatory surgery centers are stand-alone facilities that perform same-day outpatient surgeries in a sterile, fully-outfitted operating room, with access to anesthesiologists and a full range of surgical assistants. ASC patients schedule their surgeries, arrive on the day of the procedure, have the surgery in an operating room (OR), recover in a separate room under the care of the nursing staff, and then go home before the facility closes.

While most hospital outpatient departments also offer same-day surgery, the term ASC specifically refers to stand-alone surgical facilities. ASCs contrast with many types of healthcare facilities with which they are sometimes confused:

• ASCs differ from emergency rooms, clinics or urgent care centers because they do not diagnose incoming patients or treat trauma victims; they perform scheduled surgery on patients already diagnosed elsewhere.

• ASCs provide many of the same surgery and diagnostic procedures that hospital outpatient departments (HOPDs) perform, but ASCs are standalone and generally not subject to as many hospital operating procedures, even when they are partly owned by a hospital.

• ASCs differ from a physician office treatment or procedure room because they provide a full operating room environment capable of safely providing general anesthesia.

There are more than 5,000 Medicare-certified ASCs in the U.S. and together they perform several million outpatient surgeries each year. The typical ASC has two or three operating rooms, although some have only one and some larger facilities might have six or more. Newer constructions tend to be larger, often with four or more ORs.

Depending on their size, ASCs may perform several hundred to several thousand procedures per year – the average is about 5,000. A medium-sized facility will have around 20 cases (surgeries or other procedures) every day. Note that number of operating rooms can be an imprecise indicator of case volume, since length of surgeries and room turnover can differ greatly based on the specialty mix and the ability of the particular center to keep the rooms busy.
ASCs are relative newcomers to the healthcare industry. The first ASC, Surgicenter, was founded by Dr. John Ford and Dr. Wallace Reed in Phoenix, Arizona, and opened its doors on February 12, 1970. Five procedures were performed that day. Since then, the industry has grown to the point that the number of ASCs exceeds the number of hospitals in the country. However, increased competition from hospitals and office-based surgery practices, as well as the effects of the Affordable Care Act, has dampened ASC growth over the past few years.

What makes ASCs different

Some reps informally refer to ASCs as “mini-hospitals,” and that description is very apt in terms of what they purchase to outfit their operating rooms. However, don’t continue the analogy much beyond that, because ASC personnel likely view their facility as being very different from a hospital. Indeed, many nurses and other staff members only work at the ASC, usually for many years. They probably see their facility as distinct from hospitals in many ways. For example:

- The ASC is likely to be free of much of the bureaucracy one might find in a hospital.
- Staff members may describe it as friendlier and less stressful – ASCs often have shorter, “saner” hours, with more flexible shifts. Unlike hospitals, most ASCs are open only normal business hours; ASC personnel typically don’t work evenings or weekends (though that is starting to change as surgery centers try to become more competitive with hospitals).
- Physicians who practice in ASC say they like the increased control and efficiencies that they have in a non-hospital setting, which often allows them to perform more procedures in a single day.
- ASCs tend to see themselves as better than hospitals for patients as well. For example, surgeries in ASCs tend to be more quickly scheduled, procedures are more likely to start on time, and patients are almost never bumped from an OR at the last minute due to an emergency case. What’s more, the costs to the patient in an ASC tend to be lower as a result of the lower ASC fees and consequently lower coinsurance.

Hospitals and physicians sometimes partner to form ASCs, but hospitals can also be unfriendly competitors for standalone facilities. Negative PR and lobbying campaigns and even lawsuits are a reality on both sides. Obviously, you will not get involved in these or take sides, but you must be aware of the local situation in order to serve ASCs effectively.
Bottom line: be sure that as far as your ASC customers are concerned, you understand their unique needs and can see that they may have relatively little in common with hospitals.

ASC specialties

Slightly less than half of all ASCs have a single specialty, such as ophthalmology or gastroenterology, while the rest are multi-specialty. As you might predict, multi-specialty centers tend to be larger.

<table>
<thead>
<tr>
<th>Top Three Specialties in ASCs</th>
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<tbody>
<tr>
<td>Orthopedics</td>
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<tr>
<td>Gastroenterology</td>
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<tr>
<td>Ophthalmology</td>
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The ASC’s clinical focus will impact the type of products it uses, its staffing, and even its hours of operation. Some single-specialty ASCs do not operate at full capacity and may be open for just three or four days a week. Ophthalmology centers, as one example, usually only perform procedures Monday through Thursday because cataract cases require a post-op visit and most doctors do not want to do those visits on Saturdays.

Single-specialty ASCs often concentrate on just a few procedures. For instance, facilities staffed by ophthalmologists often focus on cataract removal and lens insertion. In fact, cataract surgery alone represents 17% of the volume of Medicare cases in ASCs in the United States.

ASCs specializing in gastroenterology commonly perform colonoscopies and GI endoscopies. These procedures have been growing quickly in the ASC setting compared to other settings.

Other clinical specialties experiencing fast growth in the ASC setting include pain management and orthopedics.

Other common ASC procedures include biopsies, tonsillectomies, gynecological procedures, cosmetic surgery, and podiatric surgery. Some procedures, however, cannot be performed at ASCs, because they are especially lengthy or complex, require a long recovery period, or require specialized hospital resources.

As previously mentioned, ophthalmology is the most frequently seen specialty at ASCs. Other types of specialists frequently performing surgeries and procedures at ASCs include, but are not limited to:
• Gastroenterologists
• Orthopedists
• Gynecologists
• Plastic surgeons
• Otolaryngologists (ENT)
• Urologists
• Pain management specialists
• Podiatrists
• Dermatologists

ASCs represent a full-fledged operating room sales opportunity, requiring all of the basic supplies that any hospital OR would need, such as caps and gowns, IV solutions, gloves, masks, sutures and sterilization supplies. In addition, each would need the trays, equipment and supplies specific to the types of specialties and procedures performed at that particular location. Obviously, finding out what surgeries a center performs is important to know before making a serious effort to win the business.

There are currently ASCs in all 50 states, but they are not evenly dispersed. Some states, including California, Maryland, Florida and Texas have several hundred, while others, including Vermont and Hawaii, only have a few. While demographics such as number of people and age of population are certainly factors in the numbers of ASCs which open their doors in a particular state, even more impactful is the relative restrictiveness of state laws governing ASC licensing. In some states, the process can take a few weeks; in some, several years. This will be discussed in more detail in the next section.

**Licensing and regulatory environment**

Most states require ambulatory surgery centers to be licensed. In addition, in order to bill and be reimbursed by Medicare, the ASC must undergo the Medicare survey and certification process.

The majority of surgery centers are Medicare-certified. The main exceptions are those ASCs which perform only plastic surgery procedures which are paid for directly by the patient and not by Medicare.

Medicare surveys are performed either by the state regulatory authority or by a “deemed” organization that provides accreditation and deemed status surveys.
Deemed organizations include:

- The Joint Commission – evaluates more than 20,000 health care organizations.

- Accreditation Association for Ambulatory Health Care (AAAHC) – formed in 1979 and currently accrediting more than 5000 ambulatory care organizations including ASCs, community health centers, and many others.

- American Association for Accreditation for Ambulatory Surgery Facilities (AAAASF) – established in 1980 and has accredited more than 2000 outpatient facilities.

- And, in some states, the American Osteopathic Association (AOA) – a trade association founded in 1897 representing osteopathic physicians (DOs). Many dermatologists and plastic surgeons hold this degree.

You will likely see the logos of these organizations on display in many of the surgery centers you call upon. Medicare accepts accreditation by these organizations as proxy for direct Medicare certification, and in many states this replaces the state survey. Facilities are usually re-reviewed every few years by one of these accreditation organizations or a state licensure surveyor to maintain their status.

In rare situations, the Centers for Medicare and Medicaid Services (CMS) can inspect ASCs directly. Recently, ASCs have been subject to more frequent and tougher inspections than ever before – four times as many surveys compared to previous years, according to one report.

**State regulations and certificate of need programs**

State regulations regarding ASCs are extremely diverse. A few states require no licensing, some provide licenses fairly readily, and some place specific restrictions on ASCs by law, such as limiting the number of operating rooms. More than half the states have “certificate of need” (CON) programs that impact ASCs as well as hospitals. In these states, the law requires new facilities to demonstrate that there is a need for their services before the state’s department of health or a similar decision-making agency before getting approval to build. Predictably, ASCs are more prevalent in states lacking CON requirements.

CON regulations also differ significantly state by state, both on paper and in practice. Some automatically exempt high population areas within their borders. Some only review facilities with
Certificate of need (CON) programs are designed to restrain healthcare facility costs by coordinating the planning of new services and construction.

Why might states deny a CON for a new ASC?

The main argument that is often presented against ASCs is that they endanger the quality of healthcare in their communities in the long run because they cherry-pick the high-profit surgeries and take them out of the hospitals. Since the hospitals use the high profit services to subsidize their money-losing community services such as indigent care and emergency care, they have claimed that ASCs (although some ASCs do provide indigent care or accept Medicaid) are a detriment to the overall quality of healthcare in their communities, and could force hospitals to close their doors or require a bailout from taxpayers. Such lobbying efforts have postponed ASC openings in some cases for years, forced them to be canceled altogether in some areas, or resulted in specific “charity case” volume of cases for the ASC.

In addition, some hospitals have been accused of “economic credentialing,” which amounts to retaliation against physician owners who perform surgeries at ASCs by denying them hospital privileges. Some surgeons have been denied OR access, and/or stripped of hospital titles and employment.

Not surprisingly, this has led to ill will between hospitals and doctors. The situation in some areas is ugly, and, as noted, you should become informed on the situation in your area and be sensitive to it, whether you are calling upon surgery centers, physicians or hospitals.

Fortunately, a national trend which seems to satisfy all stakeholders has evolved: ASC joint ownership between doctors and hospitals (and sometimes with a management company). This is the fastest-growing ASC ownership model, and will be discussed later in this course.
Funding sources

Like most healthcare facilities, the typical ASC gets its revenues from a mix of payers, most commonly:

- Commercial insurance plans
- Medicare
- Worker’s compensation
- Medicaid
- Patient self-pay

Data Source: Becker’s ASC Review, 2011
Overall, just over a quarter of the average ASC’s revenues come from Medicare reimbursement. (A major exception are facilities such as plastic surgery centers that perform primarily cosmetic procedures such as breast augmentations and liposuction; these ASCs tend to be paid by patients and often do not perform any Medicare-reimbursed procedures.)

Since many private insurers tend to look to Medicare in making reimbursement decisions, Medicare policies loom large in the ASC world, and can sometimes cause for controversy.

**How Medicare pays for ASC procedures**

The ASC payment system introduced by Medicare in 2008 pays ASCs a pre-determined fee intended to cover nearly all the costs associated with providing a surgical procedure.

Reimbursement amounts are based on payment groups known as ambulatory payment classifications, or APCs. Medicare uses the same APCs for ASCs that are used for HOPDs. Because ASCs provide only surgical services and hospitals provide many other types of outpatient procedures, such as emergency room services, hospitals have more APCs than ASCs do. Each procedure (and related CPT code) that an ASC can use is assigned to an APC, and each APC has a specific payment rate. This payment rate is then adjusted based on wages in the facility’s geographic area.

The Medicare APC payment is expected to cover all the normal costs related to providing the procedure, with the exception of the physician’s fees. Costs expected to be covered by the single APC payment include:

- Nursing services
- ASC facility overhead costs
- Most drugs, supplies, and biologicals
- Materials for anesthesia
- Intraocular lenses (if applicable)
- Some implantable devices (certain very expensive devices have “pass-through status” meaning they can be charged separately)
- Radiology services
Medicare’s payment rules and rates for ASC services continue to evolve, and they are a key concern for ASC administrators. One major issue is the difference between the rates paid to ASCs and those paid to HOPDs. Although both types of facilities are paid based on the same payment groupings – APCs – the actual rates are different. This is based on the assumption that non-hospital-based facilities are able to provide services more efficiently and therefore less expensively. According to Becker’s Hospital Review, Medicare paid HOPDs 78 percent more on average than ASCs for the same procedure in 2013.

Additionally, ASCs are now subject to a 2% reduction in their Medicare reimbursement if they fail to report quality data on certain measures around patient safety and certain surgical procedures.
PROGRESS CHECK

1. True or False: The majority of ASCs are Medicare certified.

2. Which of the following specialists are you most likely to find performing surgery in an ASC?
   A) Cardiologist
   B) Gastroenterologist
   C) Neonatalogist
   D) All of the above

3. Explain the difference between an ASC and an urgent care center.
   __________________________________________________________________________
   __________________________________________________________________________

4. True or False: Many ASCs perform as many surgeries, and have as much need for OR equipment and supplies, as some hospitals.

5. Why is it important for a sales rep to know the type of surgeries performed at an ASC before approaching them as a new customer prospect?
   __________________________________________________________________________
   __________________________________________________________________________
   __________________________________________________________________________

6. What is the name of the payment groups Medicare uses to determine payment for surgeries performed in ASCs?
   __________________________________________________________________________
PROGRESS CHECK ANSWERS

1. True

2. B) Gastroenterologist

3. Unlike urgent care centers, ASCs handle only pre-scheduled surgical cases, and do not diagnose or provide emergency treatment.

4. True

5. Unlike most hospitals, ASCs tend to specialize in certain types of procedures, often in a small number of specialties. Obviously, this impacts the types of products that they will purchase, in addition to the general OR products such as gloves and sutures.

6. Ambulatory payment classifications, or APCs.
Ownership and operations

The first ASCs were 100% physician-owned and, for the most part, came about as a result of physicians wanting more control over the surgical environment, as well as a desire to keep the facility surgical fees with the hospitals where their procedures were usually performed.

Over time, the physician ownership model has evolved, although the vast majority (about 90%) of ASCs still have some portion of physician ownership. Most parties consider physician involvement important because ultimately, it is the doctors who control the patient.

More recently, two major groups have entered the ASC market:

- Hospitals
- For-profit ASC corporations

Let’s start with hospitals. While few ASCs are entirely owned by hospitals, a growing number are co-owned by hospitals or health systems. Taking an “if you can’t beat them, join them” attitude, these organizations are partnering with physicians and taking equity positions in ASCs, reclaiming some of the revenues lost by their hospital ORs. Many find that hospital involvement provides a number of benefits to the venture. In addition to new capital, hospital involvement can be very valuable in helping the ASC negotiate more favorable insurance contracts.

The structures of these physician/hospital joint ventures can vary widely, from a 51/49 approach giving one or the other partner marginal control, to a 70/30 approach with one partner clearly in control, to a hospital buying in for a small share, and just about every other proportion possible.

It is important for a healthcare rep to understand the relative proportion of hospital involvement in management—often not following the same pattern as ownership. Although the hospital may own 50%, they may release management to the physician owners or a management company.

As noted, many facilities are owned, co-owned, or managed by ASC corporations whose primary business is running ASCs and/or other healthcare facilities in a particular region or nationwide. These companies often share ownership with local physicians. Sometimes, hospitals make up a third equity partner in these arrangements. In fact, experts foresee an increase in such “hybrid ownership” in which a management company manages the ASC, a hospital is the minority partner, and physicians hold the largest interest, allowing them to refer patients and share in the profits.
Like brands in any industry, each of these ownership companies has their own standard operating procedures, imprint and culture, a “look and feel” which they often export to each new location. Some, for example, are very “hands on,” others act more as “silent partners.” Some have carved out a niche working specifically with hospitals, others with doctors, and some with both. ASCs tend to be larger, with more ORs, when built with corporate involvement than when only doctors and/or hospitals are involved.

Most ASCs are privately held and for-profit, with fewer than 5% designated non-profit.

**ASC management**

The day-to-day operations of most ASCs are run by a professional staff, with doctors preferring to concentrate on the medical aspects of the facility, and for the most part tending to be less involved in administrative decisions.
Often, ASCs adapt some of the management culture of their owners. For example:

- If physicians own the center in whole or in substantial part, one might be more likely to find individuals wearing many hats as they do in doctors’ offices, such as scrub nurses also acting as office managers.

- In ASCs where hospitals are heavily involved, one might find that tasks are more formalized and segmented, as they tend to be in the typical hospital.

- Those run by a corporation tend to be somewhere in the middle, professionally segmented but stressing efficient use of personnel.

When opening a surgery center, the owners sometimes hire a turnkey management company that specializes in the needs of ASCs. These contract firms run the operation for different ASCs in a regional area or nationwide, providing executives and expertise. Many provide specialized in-house resources, either locally or at headquarters, such as regulatory experts, insurance experts, risk management experts, and other specific professionals that individual ASCs would not be likely to hire. Individual management services firms each have their own specific business models, cultures and ways of doing things, so you might see similarities walking into two different ASCs run by the same management company, even though they may be hundreds of miles apart.

Whether they get their paychecks from the doctors, the hospital, or a separate corporation, the top executive titles and roles in a surgery center often include those shown on the next page.
ASCs are more likely than ever to be run by administrators with real business acumen. Although in the past many facilities were led by a nurse promoted from inside, with no experience with contracting or reimbursement, but today this is much less likely. Instead, most facilities have professional administrators, whether employed directly by the ASC or by a management company.
**ASC staffing**

Larger ASCs may have additional levels of management. On the medical side, one might find medical unit managers reporting to the director of nursing. These managers have titles such as pre-op director, OR director, and post-op director. On the business side, individual managers might be in charge of each separate function, such as accounts payable manager and billing manager.

Increasingly in ASCs there a purchasing manager or materials manager, reporting up through the business side or the medical side. In those ASCs with heavy physician influence, purchasing is likely done by a nurse doing double duty, as in a doctor’s office. These and other decision makers and buying influencers will be discussed in greater detail shortly.

Other than these administrative professionals, the rest of the people on site are likely to be full-time or part-time medical staff, making for a much higher staff to management ratio than would be found at most hospitals. These include:

- Surgeons, who might be the owners, employees of the surgery center, or outside doctors who use the surgery center as an alternative to the hospital
- Anesthesiologists
- Nurses
- Surgical technicians
- Sterile processing workers

In many ASCs, unlike hospitals, staff might be cross-trained to do several roles. For example, nurses or techs might be called upon to do orderly or housekeeping tasks.

**Operational issues**

The typical ASC acts as a surgical venue for both physician owners and non-owners. If the center has the capacity for more procedures than the physician owners can generate, many ASCs will market themselves to persuade other doctors to do their cases at the ASC. Many surgeons perform surgery in an ASC even if they have no ownership because of the convenience and clinical outcomes. These doctor/customers will either pay the ASC an agreed-upon fee when the patient is paying cash, or receive professional fees directly from third party payers.
ASCs: Operational Insights

- Up to 20 cases per day may be done in a single operating room day, but this varies greatly by type of procedure.
- Turnover time is critical to profitability. Time between procedures is a key metric.
- EMR adoption is low (50-75% paper records) in ASCs but growing.
- Online ordering is not common but increasing.
- Average ASCs have about 20 FTEs.
- The average center has two or three operating rooms but it ranges from just one to as many as 20.

The goals of the typical ASC are numerous, like those of any business. Top goals on the mind of your ASC customers likely include:

- Ensuring successful surgical outcomes for patients
- Keeping the doctors happy, whether they be owners or “customers”
- Staying in line with regulations
- Making a profit

Some of the common challenges and issues facing contemporary ASCs, impediments to meeting their goals, are listed below. Many of them are beyond your control, of course. However, you should be aware of them so that you are sensitive to them, and, in some cases, you may be able to differentiate yourself from your competitors by observing or identifying a particular problem and helping an ASC customer solve it.

- Limits on expansion
- Rising cost of malpractice insurance
- Optimal OR scheduling: coordinating doctors, patients and staff, and turning rooms over on a timely basis
• Getting enough business to keep the rooms busy
• Limited space
• Finding and retaining qualified personnel
• Recruiting new surgeons
• Maintaining a stable anesthesia service
• Controlling operational costs

Reimbursement challenges

Often the ASC’s biggest operational focus is optimizing reimbursement. Because commercial insurance is the number one payer for ASC services, strategic leaders in ASCs spend considerable effort negotiating with insurance companies. Their challenges include:

• Collecting process and outcomes data to prove value to payers, which can help the facility’s leaders negotiate higher reimbursement rates and/or in-network status

• Understanding reimbursement limitations, including what procedures are covered in the ASC setting by which payers

• Ensuring proper coding on insurance claims to maximize appropriate reimbursement but avoid improper “up-coding” which could result in severe penalties

• In some cases, negotiating “carve-outs” (services or products, such as implants, that are not included in the base procedure rate), thus increasing total reimbursement. Procedures with high variability in cost, particular those that are unusual and/or expensive, tend to present the best opportunities for carve-outs, but these exceptions are becomingly increasingly rare.

On the Medicare side, most ASCs are keenly aware of new reimbursement penalties for failing to report on quality measures.
PROGRESS CHECK

1. Why would a hospital become involved in a surgery center? Wouldn’t it just be competing with itself?
   ____________________________________________________________________________
   ____________________________________________________________________________
   ____________________________________________________________________________
   ____________________________________________________________________________

2. The vast majority of ASCs have some portion of ________________________ ownership.

3. True or False: The fastest growing ASC ownership model is the doctor/hospital joint venture.

4. What single procedure represents 17% of the volume of Medicare cases in ASCs in the US?
   ____________________________________________________________________________

5. Fewer than 5% of ASCs are:
   A) Medicare-certified
   B) Not-for-profit
   C) Physician-owned
   D) Focused on eye surgery

6. About 75% of ASC administrators are ________________________________.

7. What are carve-outs?
   ____________________________________________________________________________
   ____________________________________________________________________________
1. With ASCs already demonstrating that they can be a preferred surgical venue for doctors and patients, some hospitals are taking an “if you can’t beat them, join them approach,” and reclaiming some of their lost revenues while making ASCs stronger through their contribution of capital, expertise and reputation.

2. Physician

3. True

4. Cataract surgery

5. B) Not-for-profit

6. Female

7. Carve-outs are services or products, such as implants, that are not included in the base procedure rate.
Selling to surgery centers

According to GHX Market Intelligence, the top 10 product categories purchased by ASCs through distributors, in order of dollars spent, are as follows:

1. Kits, packs, and trays – custom
2. Parenteral
3. Gloves
4. Respiratory
5. Woven and non-woven goods
6. Sterilization
7. Wound staples and sutures
8. Needles and syringes
9. Solutions/nutritional
10. Skin care products

The “custom kits, packs, and trays” category represents the biggest sales by far at ASCs, with nearly twice as much dollar volume as the next-highest category. This highlights the importance of knowing what procedures a particular ASC performs, and therefore having the proper products to offer them.

The top 10 product groups combined account for nearly 65% of the dollars spent by ASCs on med-surg supplies. Other products commonly purchased by ASCs include standard kits and trays, surgical instruments, orthopedic products, hazardous waste control items, heat/cold therapy products, housekeeping items, radiological supplies, masks, catheters and other urological devices, safety products, pressure monitoring, and many other devices and disposable supplies.

Note that high-dollar implantable devices, such as replacement joints, typically are not sold through distribution and are not included in the analysis above.

Doing your homework

Before you call or walk into a facility for the first time, make sure you do your research so that you know the basics. That way, your entry will never be completely “cold.” As a rule, a quick review of the center’s website will give you most of the information you need and additional details can be found through websites like Becker’s ASC Review, ASC association membership directories,
or industry directories such as those published or available online by such organizations as Grey House or Billian’s Health Data. You’ll want to know:

- Who owns the facility
- What type of doctors work there
- What procedures are performed
- How many ORs it has, and if possible, number of procedures performed annually

**Approaching the buyers**

Many industry insiders remember that at one point in ASCs’ evolution, doctor preference was the first and often only buying criteria, and the buyer did little more than do the paperwork.

While doctor preference certainly still is important, especially when the doctor is involved in daily management or ownership, increasing sensitivities to cost and increased operating complexities have led nearly all ASCs to have a designated “purchasing expert.” This may be a formal full-time position, such as a person with a title such as “purchasing manager,” or a nurse doing double duty. In any case, finding this purchasing expert would be your first priority, after doing your due diligence and finding out key facts about the facility.

Let the ownership situation be your guide, so that your first question is an educated one:

- If the ASC is predominantly physician-owned, you’ll likely want to ask to speak with “the person in charge of buying supplies,” nomenclature that puts you in sync with the attitude of the facility.

- If the ASC is part of a corporate chain, or predominantly hospital owned, asking to speak to “the purchasing manager” is probably a good assumption to make in a (slightly) more formalized environment.

The information-gathering you have done in advance will set you apart from many reps who call or show up cold and ask a lot of “obvious” questions than can waste the time of and annoy ASC personnel. In addition to helping you appear knowledgeable, respectful and resourceful, having this information in advance will help you bring the proper samples and build a stronger introductory case, for example:
“I know that you perform several hundred colonoscopies a month; we have a new compact scope that can make the procedure more comfortable for the patient and reduce the time of the procedure by up to 20%. Many of our doctors say they can fit in 3-5 more procedures in each OR every day. Would this be something you’d be interested in?”

Obviously, coming in with a solution to a problem is a preferable way to try to get your foot in the door than coming in as a consumer of their time.

Knowing the information in advance will also give you clues as to the extent of the sales opportunity and the challenges and objections you might face. For example, the number of procedures performed and/or the number of ORs can give you a feel for the total dollars spent. In addition, knowing ownership can give you a feel for how the ASC buys. In general, physician-owned facilities likely buy primarily from physician distributor reps, as they do at their offices. Those with a majority hospital ownership might work through the purchasing department of the hospital. And those owned and/or managed by a corporation purchase most of their supplies in volume out of their headquarters location. Optimally handling these common situations will be discussed shortly.

You will likely find that compared to a hospital environment, your key purchasing contact, whether it be a full-time purchasing manager or a busy nurse, will be able to make med-surg buying decisions faster than buyers at a hospital. Nonetheless, depending on the product, there will likely be several other influencers and decision-makers at an ASC as well.

- For larger purchases, or perhaps even a decision to work with a new distributor, the administrator and the owners will likely need to sign off, so be prepared to make presentations to them.

- For new medical products, the clinical coordinator/director of nursing will certainly need to be in the loop, and will likely be your conduit to doctors to try out samples and gather feedback.

- Doctors will likely want to try out any new product. Be prepared to help your purchasing contact build consensus. Many ASC purchasers say that “finding a product that will please all six doctors” is one of the biggest challenges of their job.
Overcoming common objections

The most common sales objections that distributor sales reps encounter at surgery centers usually consist of one of three types—they have a rep, they participate in a certain GPO, or they buy their supplies out of a central corporate office.

Experienced reps say that, no matter what the objection, you are almost never completely locked out of an account. You can always get a small amount of business and be in place should a change occur down the road. The question you need to ask yourself is whether selling only a small portion of the supplies they need is worth your time and effort, factoring in also the extent of the opportunity to get more business in the future.

Here are some additional thoughts from experienced reps on handling specific objections from ASC personnel:

Objection: “We already have a distributor rep.”

As anywhere else, never knock your competitor. If they work with that rep, they must like him or her. However, no one is perfect, and opportunities may exist to exploit a weakness.

“Yes, I know Bob from XYZ Distributors. Good guy, and a good company. You know, everyone has back orders sometimes, things they just happen to be out of. Our warehouse is right down the road, so often, if there’s something XYZ is out of, chances are, I can run it over to you quickly. Just give me a call.”

Another strategy is to emphasize a unique product, service, or strength your company offers:

“I’m glad you’re getting great service from XYZ Distributors. Still, you might be interested in taking advantage of our company’s special expertise in (endosurgery products…stockless inventory..whatever).

Likely, you will get a chance to prove yourself with this strategy, supplying a product here and there, gaining trust, getting to know the staff and being well positioned should problems develop with XYZ or if management is looking for a change.
Objection: “We work off a GPO.”

If your company works with that GPO, this may not be an objection at all. If not, ask your manager whether you may be able to gain access to the contract pricing. And keep in mind that new technologies or desired products not available on their GPO contract are always fair game. Also, remember that margins are tight everywhere, especially at surgery centers, with their Medicare reimbursements levels frozen. And GPOs don’t always have the best price on every item. An “equal or better quality at lower cost” offer is almost always going to get attention.

Objection: “We order our supplies through the corporate office.”

Many ASC chains, or those managed by a third party company, get their supplies from a central corporate office, where purchasing decisions are made for several, or dozens, or hundreds of otherwise unaffiliated ASCs in a region or across the country. If you work for a large distributor, you may want to talk with your manager about who in your organization is working with the corporate office and whether you can help.

If you work for a smaller distributor, central purchasing may present a sales challenge. However, the individual ASC in your territory might find it difficult to get a product quickly outside of their normal delivery times. That’s where you could come in.

“Yes, a lot of my ASC customers buy their supplies on a centralized basis. But do you ever get in a situation where you need a particular procedure tray before three this afternoon? Do they come through for you? My warehouse is about ten miles away, so I can usually get it over here for you on a same-day or next-day basis. Here’s my card, call me the next time you get in a bind and I’m sure we can help you.”

More ideas on how to set yourself apart

Sales is a people business, and often saying or doing the right thing at the right time can quickly set you apart in the eyes of your prospects, positioning you to gain their trust, their respect, and their business.

Here are a few ideas and thoughts from experienced reps and industry insiders:
• **Help your customers manage inventory and save space.** Every ASC complains about lack of storage space, and most have only a single 12x20 or smaller inventory room to work with. Optimizing ordering cycles is tricky; they don’t want a lot of bulk onsite, but they don’t want to risk running out of something they need. Look for ways to optimize their inventory. Offer to help them analyze historical usage, and build ordering frequency for their products to optimize both space and availability. Many can benefit from perpetual inventory, getting a week’s supplies early Monday morning, or more frequent smaller JIT deliveries.

• **Work to position yourself as the ASC’s business partner.** Every so often, discuss with the administrator or managers what their goals are, what their challenges are, and look for ways to add value.

• **Be the go-to person who can find the item they need.** A common situation is for a doctor to say to the person buying supplies “I use product X at the hospital, can you get it for me here?” or “I just read about product Y, can you get me some more information?” Sometimes, also, a new doctor in a new specialty comes in and they’re not familiar with all the items on his product preference card. The buyer may be stymied as far as where to turn for expert assistance. You may win points by saying something like “we have access to all the newest products, is there anything your docs have been asking you about lately? I can bring samples, literature, set up demos—whatever you need.”

• **Show the advantages of ordering through a single source.** Many ASCs are buying an individual product here and there directly from the manufacturer, paying a premium for low volume or buying larger quantities than they need, paying high shipping costs, and waiting a long time for delivery. Ask if they are buying anything direct, and, if it is a manufacturer you work with, see if you can save the surgery center time and money by getting it for them.

• **Demonstrate your appreciation of their industry and their role.** In many ways, ASCs, as the new kid on the block, feel they don’t get the respect they deserve. You read about how the industry is gaining additional legitimacy through facility accreditation programs. More recently, the industry has established certification programs for personnel. One of the first is for ASC administrators, who after passing a test and meeting requirements may be granted the title Certified Administrator Surgery Center, or CASC. So when you see these letters after an administrator’s name, be sure to show you know what it means, and congratulate them for being a leader in their industry.
• **Offer revenue-generating recommendations.** Doctors at ASCs are always looking to add new procedures that can boost revenues. Your manufacturer rep partners often provide training in this regard, when they have a product used in these procedures. Keep an eye out for new opportunities (“You do shoulders, do you do elbows?”) where you can help.

• **Help build consensus.** Pleasing all the docs is challenging, and may lead to stasis because the purchasing person might prefer to keep using an inferior product rather than “go through all that hassle again.” Be sensitive and offer to help be a consensus builder without being asked: “Let me make a presentation at your next staff meeting, I’ll show Doctor Smith how these gloves give him the sensitive feel he likes, and Dr. Jones how they’re just as strong as your current brand.”

• **Of course, help them build business if you have the chance.** Some ASCs have a challenge with keeping their rooms busy. Keep an ear out for doctor customers who complain about hospital costs or scheduling problems, or who might want to benefit from performing some of their surgeries at an ASC, and fix them up with your contacts at your ASC customers. They’ll both thank you.

If your company has special expertise that other suppliers don’t offer, make you’re your customers know it. For example, if your company has a reimbursement expert available, this can be tremendously valuable to your ASCs customers – who often don’t have as much expertise on the intricacies of insurance and Medicare coding as they need to maximize revenues.

### Finding new ASC customers

Invest the time to identify the ASCs in your territory, and to determine if any new ones are on the way. (Getting in on the ground floor when a new ASC opens can be a great sales opportunity, offering the potential for a lucrative set-up sale and ongoing business afterward.) Here are some tips on finding new ASCs, or existing ones you may have overlooked:

• Find your state’s health department websites, specifically the pages for the licensing of ASCs. Bookmark them and check back often; they will often list freshly-approved ASC projects.

• State and ASC association membership directories and newsletters often announce newly opening or approved ASCs. Consider joining.
• Visit www.ASCAssociation.org for ASC information and a directory of state ASC associations. (This website also has a wealth of information about Medicare reimbursement for ASC services.)

• Find and bookmark the websites of corporate ASC companies and ASC management companies—they’ll often list new ventures or publish press releases about their latest wins that will give you intelligence about new customer opportunities.

• The ASC world is a small one. Your contacts at current doctor, hospital and long term care facilities likely have friends and colleagues working at surgery centers or talking about them and will often know early on about new openings or plans. (“Oh, yeah, as a matter of fact the nurse for the optometrists across the hall said her docs have been talking about opening a surgery center this spring.”) But they won’t know to tell you about it unless you ask. Every so often, ask if they’ve heard about any new surgery center scuttlebutt, and to please let you know if they do.

• Similarly, be sure that your manufacturer rep partners are informed of your interest in ASCs, and agree to keep each other posted on new information.

• If there are particular architects or construction companies in town that specialize in ASCs or healthcare facilities in general, bookmark their websites or contact them to find out about new projects that might be in the works.

• Read the ASC trade publications such as Outpatient Surgery Magazine.

• Bookmark online directories with ASC listings.

ASCs have an important role in this cost-conscious healthcare world. They provide patients with a convenient and less expensive option for surgery. They are important providers of life-saving services such as diagnostic colonoscopies, and life-improving procedures such as cataract removal. Your skills at helping these facilities succeed will grow your business and your customers’ loyalty.
1. How do ASCs differ from emergency rooms, clinics or urgent care centers?
________________________________________________________________________
________________________________________________________________________

2. Identify 3 accrediting bodies for ASCs.
________________________________________________________________________
________________________________________________________________________
________________________________________________________________________

3. True or False: Medicare pays for outpatient surgery performed in a hospital-owned outpatient surgical center under a completely different set of procedure/payment groups than those used for ASCs.

4. Name three of the top-selling product categories in ASCs.
________________________________________________________________________
________________________________________________________________________
________________________________________________________________________

5. An ASC administrator who has completed an industry certification program might have what credential?
________________________________________________________________________

6. Name four things you’ll want to find out, by “doing your homework,” before you call on an ASC for the first time.
________________________________________________________________________
________________________________________________________________________
________________________________________________________________________
________________________________________________________________________
PROGRESS CHECK ANSWERS

1. ASCs do not diagnose incoming patients or treat trauma victims; they perform scheduled surgery on patients already diagnosed.

2. Joint Commission on Accreditation of Healthcare Organizations (JCAHO), Accreditation Association for Ambulatory Health Care (AAAHC), American Association for Accreditation for Ambulatory Surgery Facilities (AAASF), American Osteopathic Association (AOA)

3. False. The payment levels are different, but the APC categories are the same.

4. According to GHX Market Intelligence, the top-selling categories are
   • Custom kits, packs, and trays
   • Parenteral products
   • Woven and nonwoven goods
   • Wound staples and sutures
   • Gloves
   • Respiratory
   • Sterilization
   • Needles and syringes
   • Solutions/nutritional
   • Adhesives, bandages, dressings sponges

5. Certified Administrator Surgery Center, or CASC

6. You’ll want to know:
   • Who owns the facility
   • What type of doctors work there
   • What procedures are performed
   • How many ORs it has, and if possible, number of procedures performed annually