TO: North Carolina Division of Health Service Regulation
Medical Facilities Planning Branch
2714 Mail Service Center
Raleigh, NC 27699-2714

PETITIONER: Robert B McBride, Jr. MD
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DATE: August 1, 2012

RE: Petition Request for an Adjusted Need Determination for Sixteen Nursing Facility Beds to Be Utilized in Conjunction with an Existing or Approved Orthopedic Ambulatory Surgical Facility

Background

OrthoCarolina was created by the 2005 merger of Miller Orthopedic Clinic and Charlotte Orthopedic Specialists. For more than 80 years, each practice provided the highest quality orthopedic care to patients in the Charlotte, NC region. The two groups merged because they shared the same passionate commitment to great service, easy access, physician education, quality research and outstanding care in all regional hospitals. Together as OrthoCarolina they are able to combine strengths to provide an even higher level of orthopedic service and patient care. OrthoCarolina has practice offices located throughout the region, including the Ballantyne area, Charlotte, Gastonia, Huntersville, Kings Mountain, Lake Norman, Matthews, Monroe, Mooresville, Pineville, Shelby and the University area. With 117 highly trained physicians, OrthoCarolina is one of the largest, most comprehensive orthopedic practices in the nation.

Petition Request

Across the United States, joint replacement surgery is increasingly being performed in ambulatory surgical facilities (Please see attachment 1). New surgical techniques and anesthetics, along with more advanced rehabilitation protocols, allow patients to utilize the ambulatory surgery center with much lower risk and much lower post-operative complications than hospitals. This arrangement has proven to be more cost effective as compared to a hospital admission. A few ambulatory surgery centers in other states have established small hotel-like rehabilitation facilities. Some are licensed and operated as skilled nursing facilities. The Orthopaedic & Sports Institute of Fox Valley and its surgery center in Appleton, Wisconsin opened a Recovery Inn that is specifically designed for patients undergoing rehabilitation following joint replacement. (Please see attachments 2 and3.) This model for a post-surgical recovery center is strongly advocated by the petitioner.

OrthoCarolina requests an adjusted need determination for sixteen skilled nursing beds to be used in conjunction with an existing or approved orthopedic-focused ambulatory surgical facility located in Mecklenburg County.

Justification for the Adjusted Need Determination

OrthoCarolina requests an adjusted need determination for sixteen nursing facility beds to serve as a licensed post-surgical recovery center to enhance their patients' quality, cost effectiveness and continuity of care experience. The petition request for an adjusted need determination is based on multiple factors:

- Demand for partial and total joint replacement surgery has increased dramatically in recent years due to changes in technology and demographics.

- OrthoCarolina surgeons performed approximately 4,195 partial and total joint replacement surgeries in the previous year.

- The adjusted need determination is consistent with Policy NH-8: Innovations in Nursing Facility Design which states that nursing facilities shall pursue innovative approaches in care practices, work place practices and environmental design that address quality of care and quality of life needs of the residents.

- The skilled nursing facility / recovery center would also be able to accept Medicare patients who have a three day hospital stay following their joint replacement.

- Joint replacement surgery performed in an ambulatory surgery facility, combined with admission to the skilled nursing facility, is expected to save 30 to 40 percent as compared to a hospital admission for the same procedure.

- The petition also requests that the administrative rules 10A NCAC 14C.1102 (b) that requires the facility to reach 90 percent occupancy in the second year of operation would not be applicable for the sixteen requested nursing facility beds because the census will fluctuate during the week and patient lengths of stay will be much shorter than those in traditional nursing facilities.

Demand for Joint Replacement Surgery

The US Agency for Healthcare Research and Quality reports joint replacement for 620,192 knees and 284,708 hips in 2009. The number of US knee replacements has risen 144 percent for men and 157 percent for women from 1997 to 2009. The growth has been even faster for those under 65, more than tripling over the same period.

The application of specialized clinical pathways, regional anesthesia and minimally invasive surgical techniques have allowed knee arthroplasty, total knee arthroplasty and total hip arthroplasty to be performed on selected patients on an outpatient basis. (1-7)

OrthoCarolina Surgeons Joint Replacement Procedures and Projected Utilization

OrthoCarolina surgeons in the Charlotte region performed 2,814 knee replacement procedures and 1,381 hip replacement procedures in 2011. This represents a 24% percent increase in knee replacement procedures and a 13% increase in hip replacement procedures over the previous year. Approximately 15 to 20 percent of the total joint patients would be potential candidates for joint replacement surgery in an outpatient surgical facility based on the patient selection criteria to ensure the safest care and best outcomes. The patient selection criteria that are currently being utilized at orthopedic ASC facilities include:

- BMI of 40 or below (considerations for BMI >40 assessed on a per patient basis)
- Patient medical history (revision arthroplasty procedures not accepted)
- Insurance coverage
- Patient motivation
- Family support

The following table provides the methodology and assumptions for the projected numbers of patients and days of care to be served by the skilled nursing beds at the recovery center based on OrthoCarolina's 2011 actual numbers of total joint procedures. Future years' annual growth of 15 percent is more conservative than the recent actual annual growth.

	Actual	Projections Based on 15 Percent Annual Growth in Total Joint procedures Performed by Charlotte Area OrthoCarolina Surgeons					
	2011	2012	2013	2014	YR 1 2015	YR 2 2016	YR 3 2017
Total Joint Procedures (Excluding Revisions)Performed by Charlotte Region OrthoCarolina	4,195	4,824	5,548	6,380	7,337	8,438	9,703
Number of ASC Patients Based on Selection Criteria (15 % of Total Patients)	635	730	840	966	1,111	1,277	1,469
ASC Patients Days of Care based on 3.5 Days ALOS					3,887	4,470	5,141
Hospital Transfers to Recovery Center based on 2% of Total Joints					147	169	194
Hospital Transfer Ortho Pts Days of Care Based on 3 Days ALOS					440	506	592
Total Days of Care at Recovery Center Based on ASC plus Hospital Transfers					4,327	4,976	5,733
Available Bed Days Based on 16 Beds					5,840	5,840	5,840
Annual Occupancy Percentages for 16 Beds					74.10%	85.21%	98.16%

Existing Skilled Nursing Facilities in Mecklenburg County

Mecklenburg County has a total of 3,100 nursing facility beds. Most nursing facilities have over 100 beds. Existing freestanding nursing facilities in Mecklenburg County are designed, staffed and operated to serve a broad array of patient diagnoses. While many of these include rehabilitation services and capabilities, none are specifically aligned with an orthopedic ambulatory surgery center. Nursing facility beds located in continuing care retirement communities are primarily used by the residents of the retirement community.

Presbyterian Orthopaedic Hospital has a 16 bed skilled nursing orthopedic-focused unit that is located within the hospital and reported an annual occupancy of 67 percent in 2011. While this unit provides high quality rehabilitation services, most patient admissions are from the hospital inpatient population. A high percentage of these are older patients with co-morbidities that would be prohibitive to having a total joint procedure in an ambulatory surgical facility.

OrthoCarolina petitions for an adjusted need determination for specialized skilled nursing beds that are different than any of the existing nursing facility beds in Mecklenburg County. The requested nursing facility beds will be utilized by orthopedic ASC patients and some orthopedic hospital patients who have had three day hospitalizations prior to being admitted to the nursing facility beds.

Cost Savings

Facility charges and reimbursement for partial knee replacement, total knee and total hip procedures in the ambulatory surgical center are typically 30 percent lower than hospital facility charges. The nursing facility beds at the recovery center would have facility charges that are 50 percent lower than hospital acute care beds.

The comparison of total estimated charges is provided in the following table showing 33 percent savings for the ASC with the recovery center (SNF) beds:

	Inpatient Surgery and Hospital Stay Charges	Ambulatory Surgery Center with Recovery Care Center (SNF) Charges
Total Knee Replacement	$39,000	$25,740
Total Hip Replacement	$35,000	$23,100

Nursing Facility Administrative Rules

The petitioner requests the administrative rule 10A NCAC 14C.1102 (b) that requires 90 percent occupancy by the second year of operation for new nursing faculties not be applicable to the

sixteen nursing facility beds that are the subject of this requested. This is because the sixteen nursing facility beds are likely to have highly variable day-to-day census with this new model of care. It is difficult to predict the future timeframe for when insurance contracts can be developed to implement bundled coverage of total joint ASC and recovery center services. The scheduling of total joint procedures at the ambulatory surgery center will likely include multiple procedures on only certain days of the week, resulting in higher numbers of admissions to the recovery center (skilled nursing beds) for those couple of days.

Adverse Effects if No Adjusted Need Determination

OrthoCarolina predicts that failing to approve the petition will result in several adverse effects. Residents of Mecklenburg County will lack access to outpatient total joint ambulatory surgery in coordination with the recovery center's nursing facility beds. Although nursing facility beds are available in Mecklenburg County, most of these are in high demand to serve long term patients with a broad array of diagnoses. A second adverse effect is that healthcare costs for total joint procedures and hospital inpatient days of care will remain at the current high levels with no competitive pressure to hold down charges. Without the approval of the adjusted need determination, some patients from North Carolina may choose to utilize ambulatory surgery facilities in other states or counties that offer total joint surgery in ambulatory surgery centers and lower cost post-surgical care facilities.

Alternatives Considered

Three alternatives were considered by the petitioners including maintaining the status quo, petitioning for fewer beds or petitioning for the requested sixteen nursing facility bed allocation Maintaining the status is not an effective alternative because OrthoCarolina is convinced that the citizens of North Carolinas are just as deserving of access to innovative and cost effective orthopedic healthcare as the citizens of other states (Wisconsin, California, Connecticut, and Minnesota) that have implemented post-surgical recovery care units.

OrthoCarolina evaluated the option of petitioning for a different number of nursing facility beds, such as 10 or 12 beds. However, this alternative would limit the long-term flexibility of the facility to accommodate the expected number of total joint surgeries that could be performed at the surgery center.

The 16-bed request is based on the assumption that in three years' time up to five total joint procedures will be scheduled at the orthopedic ambulatory surgical facility on two or three non-consecutive days per week. During peak census the facility would have fifteen patients with one additional patient room to provide extra capacity for facility maintenance and room assignment scheduling flexibility.

Evidence That the Requested Adjustment Would Not Cause Unnecessary Duplication of Services

The requested adjustment would not cause unnecessary duplication because no skilled nursing facilities have previously been developed in North Carolina to provide coordinated rehabilitative care with an orthopedic ambulatory surgical facility. No other surgical recovery center / nursing facility beds exist in Mecklenburg County other than the nursing facility beds that are licensed as part of Presbyterian Orthopaedic Hospital.

OrthoCarolina requests an allocation of sixteen nursing facility beds, which represents only 0.52 percent of the total capacity of the inventory of Mecklenburg County. The requested adjusted need determination is an innovative model of care that has proven successful in several facilities throughout the country.

Evidence That the Request is Consistent with the Basic Principles of the State Medical Facilities Plan; Safety, Quality, Access and Value

The petition request is consistent with the principles that relate to safety, quality and value included in the State Medical Facilities Plan. Based on the experience of the Recovery Inn in Appleton, Wisconsin, the requested orthopedic-focused skilled nursing facility beds would have very low infection or complications rates. OrthoCarolina physicians are committed to obtaining accreditation for the facility and to meet or exceed all North Carolina licensure requirements. Staff training for the facility will be coordinated with the ambulatory surgery center to emphasize continuity of care, patient safety, infection control, and full integration of electronic health records.

The capability to perform total joint procedures at an existing or approved ambulatory surgery center would increase the total volume of cases to be performed at the facility because types of cases have not been included in the facility projections. This higher case volume results in greater economies of scale. OrthoCarolina will continue to be committed to provide access to care for the medically underserved. The skilled nursing facility beds will have charity care policies modeled after the community hospitals.

Cost savings for patients and insurers will be dramatic as use of skilled nursing facility beds will be far more cost effective as compared to hospital beds. The orthopedic-focused facility will provide added value to the community as an ideal setting for research and training for therapists and nursing students.

Summary

OrthoCarolina believes that the State Health Coordinating Council supports innovative healthcare proposals to enhance access, quality and cost savings. Approval of the petition request for sixteen nursing facility beds will improve patient access to high quality and affordable joint replacement ambulatory surgery and post surgical recovery.

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Attachment 1

Becker's ASC Review
10 Surgery Centers With Total Joint Replacement Programs
Written by Laura Miller | June 13, 2012

Here are 10 ambulatory surgery centers where physicians perform total joint replacements.

Ambulatory Surgical Center of Stevens Point (Stevens Point, Wis.). Led by administrator Becky Ziegler-Otis, the Ambulatory Surgical Center of Stevens Point has two operating rooms with the capability to perform almost all outpatient procedures. Surgeons are able to perform total and unicompartmental knee replacements with minimally invasive procedures. In addition to orthopedics, physicians at the surgery center perform pain management, urology, plastic surgery and ophthalmology. The surgery center was opened in 2006 and is a member of the Ambulatory Surgery Center Association.

Carrillo Surgery Center (Santa Barbara, Calif.). Carrillo Surgery Center was founded in 2005 by Alan Moelleken, MD, who also founded and chairs the Tri-County Spine and Orthopedic Conference. There are several procedures performed at the two-OR facility, including lower extremity surgeries, general orthopedic procedures and interventional pain management. Surgeons also perform more unique procedures in the outpatient setting, including total knee replacements, minimally invasive posterior spinal fusions with posterior/transforaminal lumbar interbody fusions, sacroiliac joint fusions and cervical artificial disc replacements. Carrillo Surgery Center is accredited to keep patients for 23 hour stays, which allows for some of the more complex procedures.

Creekside Surgery Center (Anchorage, Ala.). Creekside Surgery Center began seeing patients in November 2010 and is led by administrator Sue Sumpter. Ms. Sumpter was hired to increase patient volume in March 2011 and has since implemented a total joint replacement program at the center. She is also working to bring spine cases to the ASC as well. The surgery center has four operating rooms and 17 physician owners. In addition to orthopedics, physicians at the surgery center specialize in ENT, podiatry and pain management.

Manitowoc Surgery Center (Manitowoc, Wis.). Surgeons perform both total knee and total hip replacement procedures at Manitowoc Surgery Center using minimally invasive techniques. The physicians of Orthopaedic Associates of Manitowoc bring their cases to the center, which is also certified for 23-hour convenience stays. For post surgical care, the center includes a rehabilitation facility. The ASC is accredited by the Accreditation Association of Ambulatory Health Care.

Mississippi Valley Surgery Center (Davenport, Iowa). Surgeons at Mississippi Valley Surgery Center perform total joint replacement, cervical and lumbar spine surgery and arthroscopic hand and elbow surgery. The ASC is a member of the Mississippi Valley Health Network and affiliated with the network's independent physician practices. It was opened in 1996 and supported by a small group of physicians at that time. Since then, it has grown to accommodate approximately 12,000 procedures per year and is accredited by the Accreditation Association for Ambulatory Health Care. In addition to orthopedics, physicians perform GI, general surgery, ophthalmology and urology procedures at the center.

NorthStar Surgical Center (Lubbock, Texas). NorthStar Surgical Center was established in 2001 by physicians in the Lubbock area. Orthopedics procedures at this Symbion center include rotator cuff repair, ACL repair, meniscus repair, lateral knee release and clavicle excision. There are 31 physician partners with the surgery center who focus on a variety of specialty procedures. Surgeons have treated a wide variety of patients at the surgery center, including professional athletes. Last year, the surgery center expanded to include total shoulder, knee and ankle replacement procedures.

Northern Wyoming Surgical Center (Cody, Wyo.). At Northern Wyoming Surgical Center, surgeons perform total knee replacement, total hip replacement and total shoulder replacements. The surgery center has been serving its community for more than 10 years and is a member of the Ambulatory Surgery Center Association. It has two operating rooms, a procedure room and capability for 23-hour stays. In addition to orthopedic joint replacements, surgeons at the center provide neurosurgery and spine care, general surgery, urology, endoscopy, ophthalmology and pain management.

Orthopedic and Sports Surgery Center (Appleton, Wis.). The Orthopedic and Sports Surgery Center opened in 2006 and added partial knee replacements in 2008. Now, the physician owners of the surgery center also perform total joint replacements. To prepare for these procedures, a portion of the recovery space in the surgery center was converted into a 23-hour stay area for two patients. The center is owned by seven surgeons and an anesthesiologist at the Orthopedic & Sports Institute of the Fox Valley. In addition to the ASC and physicians' offices, the institute hosts an MRI, physical therapy and orthotics. The group also provides pain management and includes a podiatrist. The center is accredited by the Accreditation Association for Ambulatory Health Care.

Orthopedic Surgery Center of Orange County (Newport Beach, Calif.). The Orthopedic Surgery Center of Orange County is jointly owned by the Orthopedic Specialists of Southern California and Hoag Hospital, and an affiliate of Hoag Orthopedic Institute. The center was opened in 1999 and is focused on providing orthopedic and musculoskeletal care. Services at the surgery center include sports medicine, hand and wrist, foot and ankle and total joint surgery. The center includes 30 physicians.

Surgery Center at Doral (Miami). Surgery Center at Doral was founded in 2008 as a joint venture between Alejandro Badia, MD, and a management company. Orthopedic surgeons perform outpatient total joint replacements and small joint arthroscopy, among other procedures. There are currently four physician partners and five additional physicians operating at the surgery center. The center's orthopedic urgent care center OrthoNOW includes a therapy center and onsite MRI imaging.

Attachment 2

Becker's ASC Review
Developing an ASC 'Recovery Inn': Q&A With Aaron Bleier and Sandy Wight of Wisconsin's Orthopedic & Sports Institute
Written by Rob Kurtz | September 03, 2010

Seven surgeons and an anesthesiologist who co-own The Orthopedic & Sports Institute of the Fox Valley and its surgery center in Appleton, Wis., have financed and opened the Recovery Inn, a 12-room, hotel-like rehabilitation facility specifically designed for patients undergoing joint replacements. The $3.8 million Recovery Inn, which admitted its first patients the week of Aug. 2, is attached to OSI. It is leased to and operated by OSI's partnered skilled-nursing facility (SNF), St. Paul Elder Services.

OSI's Aaron Bleier, finance manager, and Sandy Wight, marketing executive, discuss the story behind the development of the Recovery Inn and why payors, patients and the community are welcoming its addition.

Q: Where did the idea for the Recovery Inn come from?

Aaron Bleier: It started in early 2008 when we began doing partial knee replacements. These procedures were done in our facility, and then patients were sent home the same day. Our next logical step was to determine how we could accommodate commercial-paying patients who needed total joint replacements.

We visited a number of facilities across the country — California, South Dakota, Connecticut — to experience different on-site recovery models. An organization in South Dakota had a hotel on campus. Though anyone could stay at the hotel, it was specifically intended for patients who underwent joint procedures. In Bloomington (Minn.), there's a facility partnered with a Hilton Hotel across the street. Nursing staff check on patients there as needed. That's another option we looked into as well.

But the SNF option felt like it best met our needs. Prior to the Recovery Inn, our patients were transported by van to St. Paul the day after their procedure. This 10-mile drive was not the end result we wanted. Since our goal was to offer all of the functions on campus, the next logical step was to determine how we bring St. Paul on-site.

Sandy Wight: We are America's first Recovery Inn for orthopedics. Although other recovery inn-like facilities exist, none are orthopedics-focused. We're emerging here with an exciting, new model — one that healthcare professionals from other institutions are interested in visiting and learning more about.

Q: How are Recovery Inn services paid for, and how do you determine who can occupy one of its 12 healing suites?

AB: Commercial patients are covered under their insurance. Those we identify as candidates for joint procedures go through an internal on-line screening process to determine if they're also candidates insurance-wise for their procedures to be performed in our ASC. Some patients are not going to be candidates here, either because of insurance reasons (e.g., Medicare) or health reasons (e.g., serious comorbidities). Good candidates are then screened by our medical director. After this, St. Paul screens these candidates to make sure the benefits are a covered expense.

While we can't yet do Medicare total joint replacements, our Recovery Inn can take Medicare patients after their 3-day hospital stay. Patients whose surgeries need to be done at the hospital can come to the Recovery Inn if more than three days' hospital healing time is needed.

Q: How did you get payors on board with this concept?

AB: It really helped to start off with partial [joint replacements]. A big first step, they helped us get the carve-outs started so the payors knew what we were looking to do. That's what paved the way for our relationships with payors. With about a year of partial knees under our belt, we then planned for the next big step: total joint replacements. Keeping payors in the loop was a key part in taking this next step.

SW: It's important to add that a stay at our Recovery Inn costs less than that of a hospital stay.

AB: That's a major reason why insurance companies have been onboard with this. You have your joint procedure at an ASC, which is inherently less expensive than a hospital, and then you're not staying in a hospital room for your recovery. You're at an SNF, so you don't have the overhead of a hospital. All in all, we offer a far more cost-effective option.

Q: What has been the response of the first patients who stayed in the Recovery Inn?

AB: So far, so good. Patients enjoy the fact that they've been able to stay on campus for their entire recovery. Our surgeons are on-site and round on the patients while they're here. That's been the goal of our facility — offering all the different functionalities right here, on campus.

SW: When someone says "nursing home," images of friendly skies and warm fuzzies do not pop right up. The patients we've had so far — as well as those who haven't yet stayed with us but have heard about our Recovery Inn, read about it or seen pictures of it — love the idea that they aren't going to a nursing home but, rather, to an ultra-comfortable, hotel-like healing environment

Q: How has the community responded?

SW: We are carefully and consistently branding our Recovery Inn, and with all due respect to the health systems around us. The medical community is watching our new business model, and what they're seeing so far is very promising. Primary care physicians in particular are interested for two reasons: one, because ours is a new business model for healthcare, and two, they want assurance that they are very much a part of this new model. And, indeed, they are.

AB: Our goal is to make this a destination in the region. If we can increase the pool of patients who come to the Fox Valley area — and only a fraction of them will be able to come here — the rest will need to go to the hospital, which increases their volume as well.

Attachment 3

Becker's ASC Review

10 Steps to Add Total Joint Replacements to a Surgery Center

Written by Rachel Fields | June 28, 2011

Orthopedic and Sports Surgery Center in Appleton, Wis., opened in 2006 as an outpatient surgery center owned by seven orthopedic surgeons and one anesthesiologist. In March 2008, the center added partial knee replacements; today, the center performs 15-16 total joint replacements every month. Chris Washick, RN, CASC, director of operators for the surgery center, discusses how Orthopedic and Sports Surgery Center successfully added total joint replacements.

1. Achieve physician buy-in. Ms. Washick says the process of adding total joints to Orthopedic and Sports Surgery Center started with enthusiasm from the center's physician-owners. "There was a trend of younger patients having joint replacements, and patients enjoyed coming to the surgery center and having a choice beside the hospital," she says. "The doctors decided to venture into exploring the possibility of doing total joints." The physician-owners — seven orthopedic surgeons and an anesthesiologist — joined the center's leadership team in researching other locations that performed total joints.

2. Start with partials. The physicians and ASC leaders visited a few locations that were planning similar transitions and decided to start with partial knee replacements in March 2008. To prepare the center for partial knee replacements, the leaders remodeled several parts of the existing recovery area to accommodate two patients for a 23-hour period. The center then kept partial joint patients overnight and sent them home with home healthcare. Implementing partial knees and partial joints at the center first was helpful in preparing the center for the eventual transition to totals, Ms. Washick says.

3. Plan for postoperative care. Total joint replacements in a surgery center require a significant amount of postoperative care, so ASCs must plan the patient's next steps after he or she leaves the surgery center. Ms. Washick says her ASC developed strong relationships with home healthcare agencies and skilled nursing facilities in the community to make sure the facilities were on the same page about the patients' needs. At first, the ASC kept partial joint patients overnight, but once the physicians saw that patients were recovering quickly in terms of pain control, they decided to let the patients go home the same day. Home health would then meet the patients at their houses to make sure they got home safely.

When the center added total knee and hip replacements, they partnered with a skilled nursing facility to take care of patients after surgery. "When we started doing total knees and total hips, we would keep those patients overnight here and then transport them to a skilled nursing facility, where they would stay an additional two days," she says. "We were able to accommodate more patients that way."

After the center and the skilled nursing facility had "worked out the kinks" of the transitions, the skilled nursing facility agreed to transfer 12 skilled rehab beds to a new "recovery inn" constructed on-site with the surgery center. "Now we can offer the same program minus the inconvenience," Ms. Washick says. "The building was designed and built with orthopedic rehab patients in mind."

4. Use experienced staff members to train other employees. Ms. Washick's surgery center staffed several surgical techs and operating room nurses who had come to the ASC from an inpatient setting and were very proficient with total joints. "They took the lead in training the rest of the staff with the help of the implant companies," she says. She says while every staff member was familiar with orthopedics, the presence of those "super techs" helped make every employee proficient on total joints as well.

5. Start with larger insurance companies before talking to smaller ones. Insurance companies may be hesitant to negotiate contracts for total joint replacements, so start with larger companies first and move to smaller payors, Ms. Washick says. "If these [procedures] aren't approved by Medicare, smaller companies may be [more hesitant]," she says. "Our finance director got some contracts in place with bigger payors, and as we did that, we would negotiate one-time contracts with the smaller ones."

At this point, she says most payors are happy to negotiate contracts with reimbursement for implants. She says surgery centers can succeed more easily in payor negotiations if they provide clear, thorough data on the center's outcomes. "It's also a better cost alternative for insurance companies and the patient, so the [payors] were pretty receptive to at least trying it."

6. Plan for larger capital purchases. Surgery centers adding total joint replacements will likely have to budget for several large purchases, Ms. Washick says. "As far as capital equipment, we required a couple of larger purchases, such as a portable x-ray because we only had c-arms on site," she says. "There are a couple of capital expenses involved, but [you can succeed] with planning and accurate projected volumes." She says vendors were accommodating about bringing in equipment so that the center did not have to front the capital expense. The center has since moved from performing 5-6 total joints every month to performing 15-16 a month.

7. Screen and educate patients carefully. Not all patients will be appropriate for total joint procedures in a surgery center. To convince payors to negotiate contracts with your center, make sure you have a thorough screening process to catch patients with prohibitive co-morbidities. Before every surgery, the center's medical director "deep dives into the history of each patient" to determine whether the patient is a good candidate. This involves evaluating the patient's medical history, home environment, family support and personal motivation to recover.

Ms. Washick says patients should also be educated on the process of undergoing total joint replacement at an ambulatory surgery center. Her center's patient care coordinator is responsible for meeting with each patient and remaining his or her point of contact throughout the process.

8. Schedule total joints to allow room for recovery. Ms. Washick's schedulers try to schedule total joints in the morning so patients have more time to recovery after surgery. Fortunately, the addition of the recovery inn to the surgery center has allowed the schedulers to be more flexible. "Now that we have the recovery inn attached to the building and we don't have to keep patients for a 23-hour period, we can be more lenient as far as times go," she says. "But typically we try to start total joints by noon at the latest, because then we're not transferring patients at crazy times of night and keeping staff too long."

9. Track data on outcomes. Ms. Washick recommends surgery centers track data on their total joint outcomes to determine whether the ASC needs to make process changes. She says her

center tracks data on patient satisfaction, pain management, nausea and vomiting, infection rates and other issues to make sure any problems are tackled as soon as they arise. "The benchmarking data does not mean we necessarily change whole processes, but we may change things such as medications or concentrations of pain pump medications so that patients are having better quad function in order to get up to therapy," she says. The center's total joint committee also meets on a weekly basis to review patients from the week before and the upcoming week.

10. Hold regular community outreach events. Ms. Washick's ASC promotes its total joint program by holding regular events and inviting the center's physicians to speak on pertinent topics. "We have a big building off the highway, and lots of people probably drive by and wonder what we do here," she says. "So every month or so, one of our surgeons will host a community presentation on an orthopedic-related topic — arthritis or joint replacement, for example."

The ASC leaders invite the public to hear the talk and then try to incorporate tours of the ASC and recovery inn into the event. "That seems to be one of the best ways to get people educated on their choices," she says.