

White Paper

The Journey to Owning an Independent Outpatient Center

Priority considerations for physicians to mitigate risk, overcome challenges and implement proven strategies for success

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Introduction

You have either taken the leap to form your own independent practice or are thinking about it—primarily to command your own destiny in terms of patient care, lifestyle control, or the opportunity to create practice value.

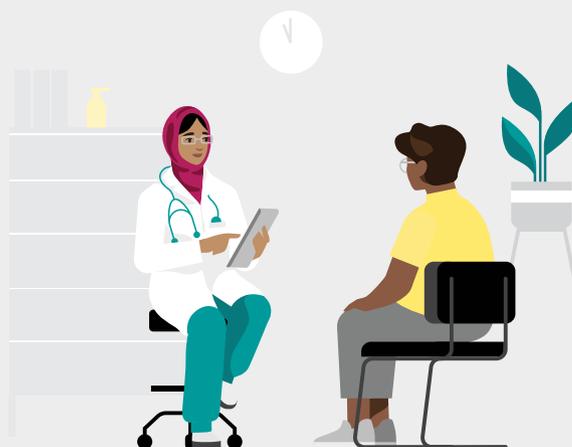
While there are many benefits to “being your own boss,” there are equally as many obstacles to consider and overcome on the journey to independence.

In this white paper, we will examine:

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Top reasons why physicians may feel constrained in the hospital setting

1. System-wide policies that guide care and clinical operations—which may lead to exclusion from administrative decisions and lack of autonomy
2. Compliance with relative value units (RVUs), sometimes as the only basis for performance—which may not always be an accurate metric for productivityⁱ
3. Sheer burnout due to extra hours, combined with having to work holidays, evenings and often weekends, depending on the specialty—all contribute to dissatisfaction and burnoutⁱⁱ





Market drivers that can mitigate risk

If you are seeking independence from hospitals or hospital-based practices, you should be aware of several market trends that are driving patients to alternative, often more convenient care sites, such as Office-based Labs (OBLs), Ambulatory Surgery Centers (ASCs), and Independent Diagnostic Testing Facilities (IDTFs).

New Payment Policies

To reduce the cost of care, the Centers for Medicare and Medicaid Services (CMS) has made several changes to the Physician Fee Schedule that resulted in competitive, often better rates for independent OBLs, ASCs, and IDTFs. This may reduce the cost of care for patients and the cost of care delivery for providers. In fact, many commercial payors are reviewing site-of-service policies and pushing

certain procedures to ASCs. For example, United Healthcare’s 2023 site-of-service policy includes 1,041 codes for commercially insured patients and 167 codes for Medicare Advantage patients that require pre-authorization for the surgery to be performed in a hospital outpatient department.^{iv}

In addition to payment policy changes, lower cost is an attractive proposition for both provider and patient. According to a leading group purchasing organization, surgeries performed in ASCs are typically less expensive than the same surgeries within a hospital outpatient department. That’s because ASCs have lower overhead costs compared to hospitals. In fact, care delivered at ASCs is typically 45% to 60% less expensive than hospitals.^v The 2023 Physician Fee Schedule shown below illustrates how reimbursement differs between sites of service.

2023 Physician Fee Schedule

Case Name	CPTs	Office/OBL (11) Expected Revenue	Hospital (22) Expected Revenue	ASC (24) Expected Revenue
Fem/Pop Atherectomy/ Stent and Tib/Peroneal Atherectomy	37227, 37229, 99152, 99153	\$16,086.08	\$26,838.42	\$18,423.20
Kyphoplasty Lumbar plus additional level	22514, 22515, 99152, 99153	\$8,948.25	\$7,336.09	\$3,859.51
UFE with Bilat uterine artery catheterizations	37243, 36247, 99152, 99153	\$11,085.35	\$11,339.14	\$5,303.16
EVLA	36478	\$998.66	\$3254.13	\$1719.11
CryoAblation of Renal Tumor with CT Guidance	50593, 77013, 99152, 99153	\$3,945.82	\$9,748.10	\$6,860.43
Venous Extremity Intervention	37238, 37248, 36005, 37252, 75820	\$5,433.48	\$15,320.17	\$8,231.82
Right and left heart cath with supravalvular aortography	93460, 93567	\$1,298.89	\$4,257.35	\$2,787.47
Y-90	36247, 36248, 37243, 75726, 75774, 76937, 77263, 77300, 77470, 79445, Q3001	\$10,382.86	\$18,034.95	\$6,097.47



How your center can positively impact patients

There are 5 ways your outpatient center can make a significant impact on patient health and experiences in your community.

1. Better convenience and accessibility.

When you provide outpatient care, patients often have more scheduling flexibility, less travel time, and care closer to their homes and families. This means patients are more likely to prioritize their health—equating to fewer missed appointments and less time taken off from work.

2. Reduced risk of hospital-acquired infections.

Outpatient centers generally have lower infection rates compared to hospitals, which can contribute to better patient safety and reduced postoperative complications.

3. More personalized attention and shorter waiting times.

With a more patient-centered approach, your outpatient center can increase the focus on individualized care and potentially offer shorter waiting times, which enhance patient satisfaction.

4. Faster recovery and reduced hospitalizations.

Many surgical procedures performed in outpatient centers are minimally invasive, resulting in faster recovery times. Patients can often recover in the comfort of their own homes, which can contribute to a more pleasant and stress-free experience.

5. Greater cost-effectiveness.

In general, outpatient centers often have lower costs compared to hospitals due to efficient workflows and fewer overhead expenses. As a result, patients may experience lower copays, deductibles, and out-of-pocket expenses.

Increased Disease Prevalence

In the U.S., the prevalence of diabetes, high blood pressure and obesity, along with the aging population, results in increased cardiovascular disease, cancer and other ailments that can often be treated with better patient outcomes outside the hospital. The rates of disease prevalence in your specific community may impact the success of your service offerings.

➤ To better understand the disease prevalence specific to your community, check out our [Community Health Checkup tool](#).

Advancements in Innovation

In radiology and interventional imaging specifically, technological advancements have resulted in more efficient, lower-cost systems that:

- Can help physicians provide the same high-quality care found in hospitals
- Can support improved patient and operator safety in the outpatient setting
- Are specific and scalable to the needs of an outpatient center

Specifically, advances in clinical approaches and technology, including new developments in anesthesia and pain control, as well as minimally invasive surgical procedures, have enabled numerous procedures to migrate to the outpatient setting.^{vi}



Fewer Regulations

In the last few years, changes to the regulatory environment have diminished barriers in many states, making it easier to operate OBLs and obtain Certificates of Need (CON) for ASCs and IDTFs.

For example, once a difficult CON state, North Carolina changed policies in 2023. Governor Roy Cooper signed House Bill 76, also called “Access to Healthcare Options.” Session Law 2023-7 primarily aims to expand Medicaid; however, the law will also result in major reforms to the state’s CON program.^{vii}

Similarly, South Carolina also repealed its CON laws in 2023 for most outpatient facilities, including ASCs, and the current law sunsets in 2027.^{viii}

Check out these resources for information specific to your state:

- [National Conference of State Legislatures – Certificate of Need State Laws](#)
- [National Academy for State Health Policy – 50-State Scan of State Certificate-of-Need Programs](#)

Accelerated outpatient migration

While it is fair to say COVID-19 is a settled endemic, the impact of the virus accelerated the migration of care from hospitals to outpatient facilities as patients seek safer and more convenient places for their care, which is advantageous for physicians looking to start their own OBL, ASC, or IDTF. It’s worth noting that according to a 2021 study published by the National Institutes of Health, there was a large decline in the use of outpatient care during the onset of the pandemic, but total outpatient visits have since fully rebounded.^{ix}



Why some outpatient practices fail and what you can do about it

Approximately one-third of OBLs fail and almost half struggle to pay their bills. Business owners primarily reported inadequate front-end planning with a lack of understanding about business and market dynamics, case volume implications, and the proper reimbursement mix to make the venture profitable.

Creating and sustaining a profitable OBL, ASC or IDTF takes more than clinical knowledge. A strategic, data-driven approach is essential to the success of the business. Several solutions have been proposed for better front-end preparation, including partnering with management companies, consultants, and trusted industry partners.^{ix}

5 key challenges that you must solve

Better front-end preparation must include solutions to the following challenges:



1. Capital Investment

The investment requirements to establish a new OBL, ASC or IDTF can be substantial. Physicians can expect to invest \$500,000 on the low end and several million dollars on the high end. This is just for capital equipment and does not account for startup costs that widely vary depending on the type of operation. Physician owners will likely need to finance capital equipment and other capital expenses such as tenant improvements which, in most cases, will require personal guarantees. Establishing a well-thought budget and the broader business plan are critical elements for any startup operation and are almost always required to support financing activities.



2. Operational Costs

Major operational costs, such as facility and equipment leases, service contracts, staffing and benefits, training and education on systems and equipment, buying initial device and supply inventories, securing the required mix of liability insurance and workers compensation all need to be carefully planned in advance of clinical operations.

Additionally, there are ongoing expenses when the facility “goes live” and a Certificate of Occupancy is issued. Payroll administration, taxes and regulatory compliance all must be carefully managed to help the practice achieve success.



3. Project Timelines

Based on experiences in developing ASCs, OBLs, and IDTFs, Veras Health advises physicians to plan on 6-12 months from signing a facility lease or purchase agreement to “go live.” Architectural design, construction, equipment installation and training, IT implementation, provider enrollment and payor contracting, among other things all take substantial time. Supply chain challenges can also impact project timelines and must be addressed early to avoid delays. If the development phase is not effectively managed, it can create expensive headaches for physicians and disrupt current income streams.



4. Management

Running a busy practice, whether an OBL, ASC or IDTF, requires a unique set of skills and experience. Day-to-day management of clinical operations is difficult in and of itself; scheduling, clinical staffing, supplies, anesthesia and a host of other patient management responsibilities must be carefully orchestrated, leaving little time to “manage the business” and ensure timely payment for services. Support from experienced management professionals who have expertise in revenue cycle management, payor contracting, supply chain and other key operational components can take the burden and distraction of business operations away from physicians so they can focus on providing high-quality care.



5. Marketing

A commonly overlooked challenge is how to effectively market the services of the practice. Physician owners must plan to make ongoing investments in marketing activities to attract patients to their new facility. They must also establish relationships with referring physicians and other healthcare providers to generate patient referrals while not forgetting consumer-focused strategies as more patients are researching providers, procedures and costs online.

Launching a website and maximizing traffic using search engine optimization (SEO) techniques, navigating Google pay-per-click (PPC) advertising, leveraging social media platforms, participating in community events and executing more traditional email and print marketing are all important ingredients in the promotional mix.



The most common questions and challenges providers face

Get additional insights from these real-life start-up challenges.

Question: How do I budget for this? What will it cost?

Answer: You need to thoroughly assess and budget for capital needs. Siemens Healthineers and Veras Health can put together a comprehensive pro forma to help you understand ongoing expenses and cash flow for the facility and prepare for financing.

“Our practice has been providing hospital-based radiology services in Memphis for 75 years, but with recent challenges in the market, we decided to build a new OBL to better serve our patients. To ensure success we partnered with Veras Health and Siemens Healthineers to help us navigate this exciting journey.”

Kim Asher, COO, Memphis Radiological P.C.

Question: How do we accomplish this without disrupting our current practice/income?

Answer: For physicians working at hospitals or employed by groups serving hospitals, it’s nearly impossible to invest the time required to start an OBL, ASC or IDTF without substantially disrupting income. An end-to-end solution can offer physicians a significant, wholistic advantage that enables them to remain focused on their jobs without disrupting income while a new facility is developed. A comprehensive solution includes:

- Business planning and market viability analysis
- Real estate and facilities development
- Practice financial and revenue cycle management
- Core administration functions
- Payor contracting
- Equipment and supply chain management
- EHR, IT services and support
- Marketing and branding

“As the head of a busy fellowship program and interventional radiology department, the last thing I had was time, let alone the knowledge to take on the task of developing an OBL. So, engaging the Siemens [Healthineers]—Veras Health team was the best thing I ever did and there is no way I could have developed my lab without them, and they have become an indispensable partner ever since.”

Andy Vartanian, MD FSIR, Precision IR – Detroit, MI

Question: How do I manage a project of this size? How do I meet my goals?

Answer: Understanding case mix and reimbursement between different places of service can be a complex and time-consuming task. Navigating the legal and regulatory requirements between different places of service is even more of a challenge. Engaging with a knowledgeable consultant, such as Siemens Healthineers and Veras Health, can help take the mystery out of these important considerations.

“When our practice decided to expand our cardiovascular services, we were not sure which model was best for our goals—OBL, ASC or Hybrid. With the help of Siemens Healthineers and Veras Health, we were able to quickly evaluate the cost differences and revenue opportunities for each place of service for our interventional cardiology focus and ended up starting as an OBL in a facility designed to meet ASC specifications in NY. This gave us the flexibility to operate immediately as an OBL and as a hybrid in the future without disrupting the practice.”

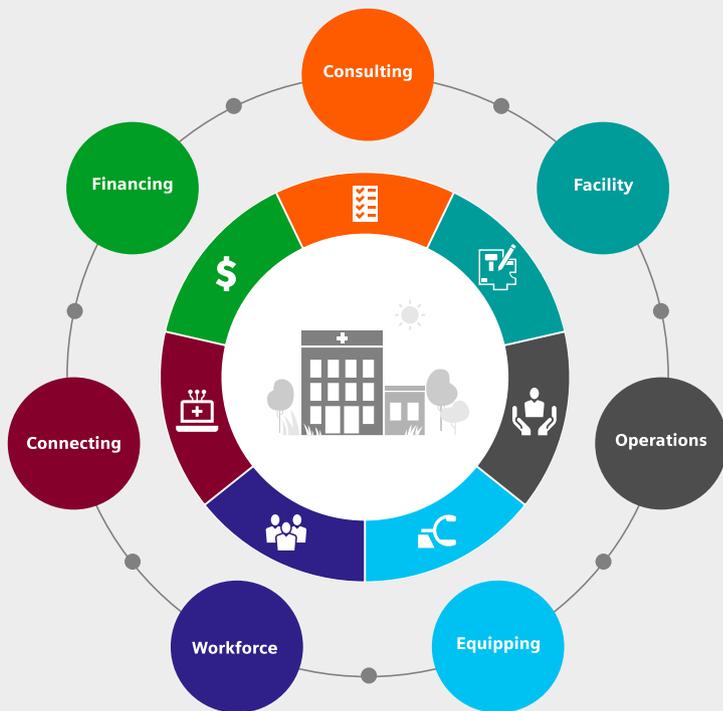
Joe Puma, DO, Interventional Cardiologist, Founder Sorin Medical – NYC

What's next

Starting an OBL, ASC or IDTF is a complex and challenging process. Physician owners must navigate financial, regulatory, administrative and patient-acquisition challenges to establish a successful and sustainable practice. By understanding these challenges and developing strategies to overcome them, independent physician owners can thrive in a competitive healthcare environment.

For most, the entrepreneurial and lifestyle benefits are extremely rewarding; ownership and potential high return on investment, no on-call, no off-shifts, and no weekends all make for attractive benefits for physicians who take the leap to independence.

Siemens Healthineers and Veras Health can help provide a smooth pathway on your journey to independence.



We can help you transform the system of care, providing everything you need to develop flexible and sustainable delivery models that bring high-value care to more patients, wherever they are.

Siemens Healthineers

Empowering you. In every care setting, every step of the way.

Just getting started or looking to expand your outpatient reach? Learn more about how we can help make your outpatient journey a success at:

[siemens-healthineers.us/outpatient-care](https://www.siemens-healthineers.us/outpatient-care)



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Further information is available at www.siemens-healthineers.com.

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ⁱ <https://jamanetwork.com/journals/jama/article-abstract/2747688>

ⁱⁱ <https://infomednews.com/why-healthcare-professionals-are-leaving-corporate-hospitals-and-healthcare-systems-to-start-their-own-businesses/>

ⁱⁱⁱ Becker's ASC Review, May 19, 2023, by Patsy Newitt, "UnitedHealthcare policy could push procedures to ASC setting":

<https://www.beckersasc.com/asc-coding-billing-and-collections/unitedhealthcare-policy-could-push-procedures-to-asc-setting.html>

^{iv} <https://www.provista.com/blog/blog-listing/huge-cost-savings-and-other-benefits-boost-ambulatory-surgery-center-growth>

^v <https://www.provista.com/blog/blog-listing/huge-cost-savings-and-other-benefits-boost-ambulatory-surgery-center-growth>

^{vi} The Oncologist, Volume 20, Issue 12, Dec 2015:1378-1385. Available from: <https://doi.org/10.1634/theoncologist.2015-2010>

^{vii} National Law Review, North Carolina Session Law 2023-7 Results in Major Reforms to Certificate of Need, Wednesday, April 19, 2023:

<https://www.natlawreview.com/article/north-carolina-session-law-2023-7-results-major-reforms-to-certificate-need>

^{viii} Shumaker, Loop & Kendrick, LLP 2023: <https://www.jdsupra.com/legalnews/south-carolina-certificate-of-need-6285695/>

^{ix} 2023 Society of Interventional Radiology and the 2023 Outpatient Endovascular and Interventional Society

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