

## ARE YOUR SURGICAL IMPLANTS AS PROFITABLE AS YOU THINK?

A common belief in the ambulatory surgery center (ASC) community is that cost-plus implant contract terms equate to profit generating cost plus reimbursement. But upon closer examination, including looking at the time it takes to collect on claims that involve an implant, a facility is likely to learn that it is operating on a less profitable basis than they thought, and in some instances, losing real money.

The Surgical Center at Premier, a mid-sized Colorado-based ambulatory surgery center that specializes in orthopedic implants and generates annual revenue of approximately \$9.5 million, came to this realization earlier this year. The economic downturn and growing uncertainties of the healthcare industry had compelled the facility to look for ways to improve its cash flow and overall financial performance.

Premier's management had been approached in the past by Access MediQuip, the nation's first and largest provider of outsourced implant surgery management solutions, but convinced that their implants were profitable, saw no reason to change the way it was doing business.

"Initially we resisted Access MediQuip because we assumed that the center was making money from implants," said Laura Caraway, Clinical Administrator for Premier. "It wasn't until we saw an implant reimbursement analysis that Access MediQuip provided to us through its partnership with LaClaro, that we realized how long it was taking to get paid when an implant was on the claim and the reality that we actually lost money across many payers. Once we saw the results of the analysis, the decision to outsource our implants to Access MediQuip was an easy one."

Access MediQuip conducted an initial implant reimbursement analysis for Premier using reimbursement data for just one national payer. The results revealed that on average, claims involving an implant took 58 days longer to collect, equating to an opportunity cost of \$228,793 and \$42,000 in lost reimbursements. By simply carving out the implant from the claim, Premier reduced its reimbursement time from 92 to 34 days, improved its cash flow and reduced the amount of time spent following up on reimbursement issues with implant claims. The results led Premier to outsource its implant management for all its payers to Access MediQuip.

“Our offer to Premier was straightforward and had no strings attached,” said Patrick McCaffrey, Access MediQuip executive vice president, network management. “Let us conduct an implant reimbursement analysis for your center – if it makes financial sense for you to continue handling implants, great. But if it doesn’t, we can help.”

The value Access MediQuip provides ASCs is derived from its extensive experience in managing implant surgical procedures, its commitment to innovation and its partnership with LaClaro, a Colorado-based revenue cycle technology company. Through this partnership, Access MediQuip offers ASCs access to a first-of-its-kind solution aimed at significantly improving the financial performance of implantable medical device procedures performed at surgical facilities.

“At Access MediQuip, we pride ourselves on offering ASCs innovative approaches to improving the management of implantable surgical procedures, an increasingly complex sector of the healthcare industry,” said Tim Hargarten, chief executive officer at Access MediQuip. “The insights we offer through our partnership with LaClaro put valuable financial information in the hands of an ASC, helping them to significantly improve cash flow and overall financial performance.”

LaClaro’s product, LaClaro Lighthouse, is a proprietary workflow/productivity and analytics package with built-in security that protects patient information and ensures confidentiality. Use of LaClaro Lighthouse does not require a facility to make any changes to their existing operations, as the software package overlays a center’s existing billing system, so it’s simple to implement, works with a center’s existing systems and data, and offers an immediate payback by enabling a facility to better predict and manage its cash flow.

“LaClaro Lighthouse introduces a whole new level of accountability by automating the reimbursement process and providing oversight through dashboard reporting,” said Terry Rajendran, founder and chief executive officer of LaClaro. “With Lighthouse, the pieces of the very complex puzzle of surgical reimbursement come together for administrators with a click of a button. Now they can readily see where reimbursement stands, where the bottlenecks are and how effective the center is in following up on claims.”

The Access MediQuip/LaClaro partnership has delivered similar results to other ambulatory surgery centers. A recently concluded analysis of an Access ASC client that averages approximately 400 total procedures a month found that on average, claims involving implants took 48 days longer to collect than claims without implants, equating to an opportunity cost of \$394,595. By removing the implant portion of the claim, the facility was better able to predict its cash flow and significantly reduce the accounts receivable days, on average from 86 to 32 days.

“The reality is that most ASCs don’t have access to the capital required to perform a high volume of surgical cases involving implants. Demand is expected to continue to grow for implant surgeries, and supporting the development of high quality, cost effective surgery centers is a key component of our strategy to improve access to care and reduce total surgical costs,” said

Hargarten. “By working with Access MediQuip surgical facilities can increase the number and variety of surgical cases they can perform, increase revenue and improve cash flow, and in doing so, provide safe, patient-friendly service locations to the communities they serve.”

### **About Access MediQuip**

Access MediQuip was founded in 1997 and is the nation’s first and largest provider of outsourced implant surgery management solutions. The company works with thousands of payers, manufacturers and providers to manage the acquisition, financing, delivery and reimbursement of implantable medical devices such as orthopedic and spinal implants. The company is headquartered in Lake Mary, Florida. For more information, please visit [www.accessmediquip.com](http://www.accessmediquip.com).

### **About LaClaro**

LaClaro is a leading revenue cycle software company specializing in the ambulatory surgery center market. It’s flagship product, Lighthouse, is a revolutionary new web-based tool that instantly improves workflow management, analytics, and reporting for ASCs. This best in class product adds a new level of functionality and efficiency to an ACS’ existing facility management software, creating more time and bringing ease to the people responsible for managing the revenue cycle. For more information, visit [www.laclaro.com](http://www.laclaro.com)