

Considerations for building your hybrid lab

A conversation with Jeffrey Carr, MD, FACC, FSCAI



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Jeffrey Carr, MD, is an interventional cardiologist in Tyler, TX. He has been practicing for 25 years and is the medical director of a 12-member group of physicians that provides comprehensive peripheral and coronary services, including outpatient procedures in a hybrid OBL/ASC setting. The practice serves the northeast region of Texas including outreach to clinics in rural communities.

Total ambulatory surgery center procedures grew by 15% from 2015 to 2018 and are expected to increase an additional 17% by 2021.¹

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- Jeffrey Carr, MD, FACC, FSCAI, Tyler Cardiac and Endovascular Center

Dr. Carr and his colleagues first established an office-based lab in 2009 to provide interventional cardiac and peripheral procedures to patients in the comfort and convenience of an office setting. Dr. Carr and his team began by carefully mapping their patient base, realistically evaluating which procedures they could do clinically and safely in an OBL versus those requiring a hospital setting. This thorough understanding of patient dynamics combined with referral pattern assessments and reimbursement projections resulted in a financial proforma that allowed them to confidently make the decision to invest in an OBL.

The practice contracted with a lab management group to handle business and operational functions including contracting, reimbursement, payroll and staffing. “Unless you have high-level expertise internally, I’d encourage physicians to look for a good partner to handle the back-office functions.” They chose a firm offering turnkey services that managed the development process and then continued to work with Dr. Carr and his team, helping them maintain focus on long-term viability and growth planning. Their physicians’ individual initial investments turned net-positive cash flow within six months.

When Dr. Carr and his team built out and moved to a new facility seven years ago, they earmarked space to relocate their OBL and considered whether it was the right time to upgrade their space to be ASC-ready to accommodate additional cardiac services. “Although we could not justify completing an ASC at the time of our move, I suggested to my partners that we should prepare the build outs and requirements to make it ASC-ready. At the time this would have increased costs by \$80-100,000. As a group, we initially decided against the larger investment. It wasn’t long, however, before we realized that offering both OBL and ASC capabilities would provide the flexibility to schedule cases to maximize reimbursement and be ready to offer new or different procedures as they are approved. After operating in our new OBL for about one year, we decided to proceed with the conversion. We found the cost to retrofit our OBL to satisfy the ASC requirements was significant – 8 to 10 times that of our original projections to make it ASC ready” said Dr. Carr. Regulations for ASC build-outs vary from state to state, making it complicated for companies with practices around the country. In Texas where Dr. Carr’s group is located, there are regulations related to such features as countertop heights, bed bay locations, gas and generator requirements, showers and bathrooms, and the necessity of a dedicated clean area entrance and exit.

“We were the first lab to convert from an OBL only to the hybrid model with an ASC, so there was not a precedent or model to follow. The timing was fortuitous for our program, however, as we experienced a shift in one of our commercial payer’s policies away from supporting OBL services. Those services were supported in the ASC.

Since our opening of the ASC over 5 years ago, we have seen a steady growth in volumes and services in this site of service. We’ve gone from operating as an ASC one day a week to now where it represents 50% of our volume today.”

“Cardiac rhythm management services (device implants) and diagnostic catheterization procedures are largely responsible for that ASC volume shift, while peripheral cases make up most of our OBL volume. We’ve developed a procedure grid that helps us assign service location – OBL, ASC or hospital. Although the schedule juggling can be a little challenging, we enjoy the flexibility and operational success of being able to provide most same day office-based interventional services to our patients and payers as policies evolve.”

“Instead of shifting volume from the OBL to the hospital, we designated specific days when we operated under ASC standards and were able to continue to do these procedures in the office..”

- Jeffrey Carr, MD, FACC, FSCAI, Tyler Cardiac and Endovascular Center

Reduction in CMS reimbursement to OBLs – along with the potential to generate additional revenue by offering new coronary procedures that can be performed in an ASC –are driving physician groups like Carr’s to adopt the hybrid concept.

Today, Dr. Carr’s group has a second lab shelled out and ready to go once volumes and financial proforma support it. For physicians considering an OBL, ASC or hybrid facility, Dr. Carr has some practical advice to share:

- **Align stakeholders.** Physician partners, staff and the management team must be realistic and transparent in projecting procedural volume. An overly optimistic approach can create a drag on the practice that impacts profitability.
- **Know and nurture your relationships with front line physicians.** Carr’s team has a dedicated member focused on building relationships and educating referring physicians about the full range of the practice’s capabilities. Both patients and referring physicians have the best possible experience.
- **Plan for continued diversification and a changing reimbursement landscape.** With a hybrid lab in place, newly approved procedures can be added more seamlessly with access to both reimbursement structures. Payer policies can change as well. The hybrid approach prepares the practice to shift volume internally versus sending patients to a hospital.
- **Maintain strong hospital ties.** Dr. Carr makes a point of tracking the 60 to 70 percent of patients that are sent to him from independent (non-hospital affiliated) physicians, then documents the hospitals where they go for treatment. This data helps maintain strong relationships with the two large medical centers in the area by offsetting any concerns about negative impact to hospital volumes.
- **Engage an operations management team.** Trying to handle business functions internally is a leading reason why on-site labs fail. Contracting, payroll and staffing, billing, coding and regulatory compliance may be most efficiently handled by a firm that specializes in lab revenue management, leaving the clinical team to focus on patient care.
- **Choose the right platform and the right partner.** Getting your OBL or ASC up and running can be orchestrated with equipment, devices, training and other support solutions designed to meet your practice’s specific goals. While Philips SymphonySuite was not available when Dr. Carr’s team built their lab, today Philips has helped over 75 physicians plan, build and open OBLs and ASCs. Philips now leads the market in office-based labs and ASCs.

Dr. Carr believes that ASCs will continue to play an essential role in the future of health care in the U.S., reducing overall costs and increasing patient satisfaction. “I would strongly advise any cardiologist considering an office-based lab to do their research on the benefits and feasibility of an OBL/ASC hybrid model instead,” stated Dr. Carr.

1. VMG; Definitive Healthcare; Ambulatory Surgery Center Association; MedPac; MarketWatch; Advisory Board; Medtech IIP Physician Survey, 2019 (n=360)

