



## So you want to build a Retina ASC

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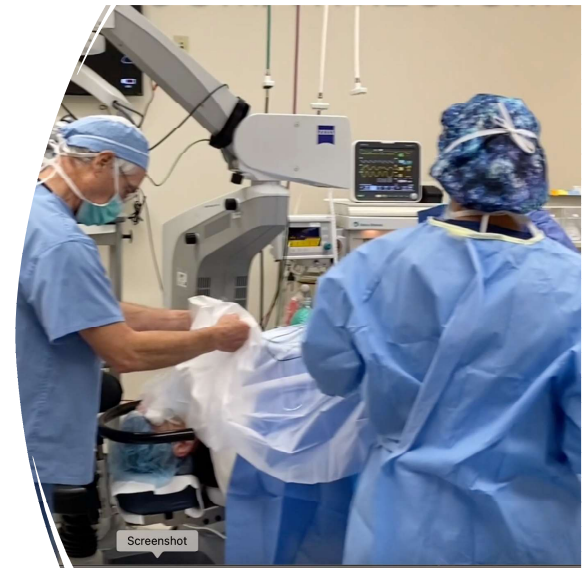


# Visiting the Center



## Benefits

- Control of Schedules
- Focus on Retina
- Concentrated Expertise
- New Revenue Streams
  - Facility
  - Building Partnership



## Headwinds

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- Capital Expenditures
- Staffing Issues
- Anesthesia
- Regulatory Issues
- Fee Cuts
- Rising Cost of Goods & Services



## Regulatory Issues and Agencies

- Conditions for Coverage 42 CFR 416
  - Deemed Status
- The Joint Commission on Accreditation of Healthcare Organizations
  - <https://www.jointcommission.org/>
- Accreditation Association of Ambulatory Health Care
  - <https://www.aaahc.org/>
- Accreditation Commission for Health Care
  - <https://www.achc.org/>

## Legalities

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- LLCs
- Stark Law/Safe Harbors
- AKS (and Safe Harbors)
- Other Issues
  - CPOM
  - ASC Licensing Acts (TX)
  - CMS Reporting
  - OSHPOD (CA)



## Licensing

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MEDICARE/MEDICAID



STATE



LOCAL

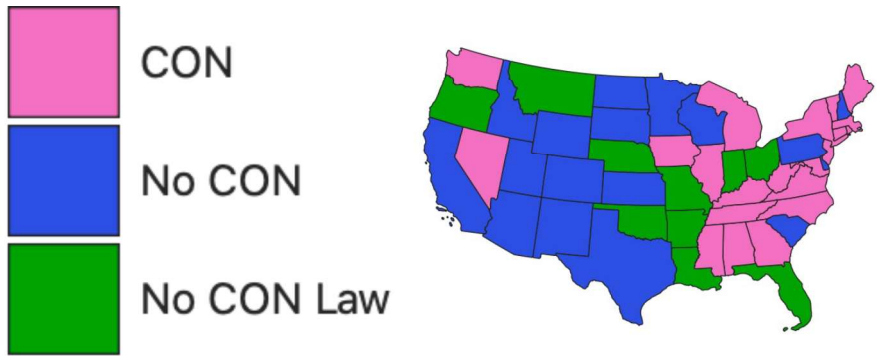


PHARMACY



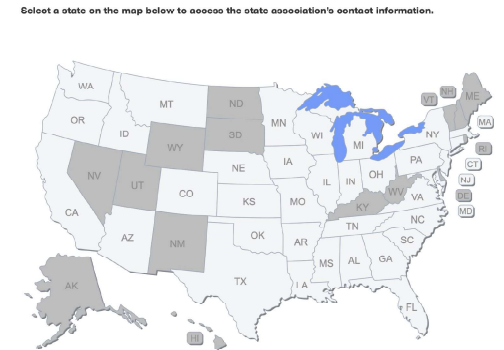
INSURANCE PANELS

## Certificates of Need



## State ASC Associations

- <https://www.ascassociation.org/asca/asc-operations/state-resources/find-a-state-association#CA>



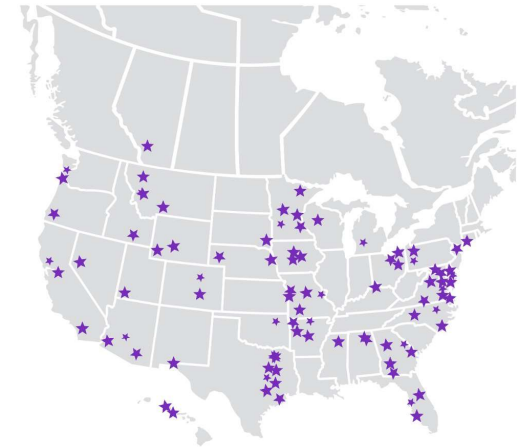
## Consultants

- <https://sullivanhealthcareconsulting.com/>
- <https://www.medcgroup.com/>



## Consultants

- <https://www.medcgroup.com/>



## Staffing

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## Common Code Facility Fees (CMS)

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HCPCS Code	Short Description	Facility Price
67036	Removal of inner eye fluid	\$939.30
67039	Laser treatment of retina	\$1,003.30
67040	Laser treatment of retina	\$1,080.75
67041	Vit for macular pucker	\$1,189.57
67042	Vit for macular hole	\$1,189.57
67043	Vit for membrane dissect	\$1,253.38
67101	Repair detached retina crt	\$301.36
67105	Repair detached retina pc	\$290.64
67107	Repair detached retina	\$1,169.90
67108	Repair detached retina	\$1,237.06
67110	Repair detached retina	\$858.33
67113	Repair retinal detach cplx	\$1,383.56

## Common Surgical Costs/Pass-Throughs

Pack	\$400-600
Drape Pack	\$50
Forceps	\$100-150
Laser Probe	\$100-150
Other Disposable Instruments	\$100-200
Disposable Wide-Angle Viewing	\$200
PFO	\$500
Silicone Oil	\$400

## Finances

### CAPITAL COMMITMENTS:

Upfront Capital Commitment - High (rounded)  
Upfront Capital Commitment - Low (rounded)

#### Real Estate:

Real Estate Build-out - High  
Real Estate Build-out - Low  
All-in RCN PSF - High  
All-in RCN PSF - Low

#### Equipment:

Equipment & Other Fixed Assets - High  
Equipment & Other Fixed Assets - Low

#### Working Capital:

Start-up Working Capital - High  
Start-up Working Capital - Low

\$6,270,000	\$4,860,000	\$2,960,000	\$2,820,000	\$5,050,000	\$4,380,000
\$5,170,000	\$4,350,000	\$2,680,000	\$2,540,000	\$4,470,000	\$3,820,000
\$4,140,000	\$2,940,000	\$1,720,000	\$1,580,000	\$2,850,000	\$2,270,000
\$3,430,000	\$2,760,000	\$1,600,000	\$1,460,000	\$2,670,000	\$2,090,000
\$940	\$668	\$573	\$527	\$647	\$516
\$780	\$628	\$533	\$487	\$607	\$476
\$1,400,000	\$1,400,000	\$1,000,000	\$1,000,000	\$1,400,000	\$1,400,000
\$1,200,000	\$1,200,000	\$900,000	\$900,000	\$1,200,000	\$1,200,000
\$730,000	\$520,000	\$240,000	\$240,000	\$800,000	\$710,000
\$540,000	\$390,000	\$180,000	\$180,000	\$600,000	\$550,000

# Feasibility Analysis P&L

## SUMMARY P&L:

Total Net Operating Revenue ('000's)	\$3,617.9	\$2,357.5	\$975.3	\$924.7	\$3,944.1	\$3,378.8
Operating Expenses ('000's)						
Employee Payroll Costs	\$763.7	\$428.6	\$235.4	\$189.7	\$595.6	\$492.6
Medical Supplies	\$1,212.4	\$984.5	\$412	\$422.5	\$1,509.2	\$1,379.4
Other Operating Costs	\$230.2	\$181.5	\$87.3	\$112.1	\$326.4	\$283.5
Total Operating Expense ('000's)	\$2,206.3	\$1,594.6	\$734.8	\$724.3	\$2,431.2	\$2,155.5
EBITDA ('000's)	\$1,411.6	\$762.9	\$240.4	\$200.4	\$1,512.9	\$1,223.4
SUMMARY COMMON - SIZE P&L:						
Total Net Operating Revenue	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%
Operating Expenses						
Employee Payroll Costs	21.1%	18.2%	24.1%	20.5%	15.1%	14.6%
Medical Supplies	33.5%	41.8%	42.3%	45.7%	38.3%	40.8%
Other Operating Costs	6.4%	7.7%	9.0%	12.1%	8.3%	8.4%
Total Operating Expense	61.0%	67.6%	75.3%	78.3%	61.0%	63.8%
EBITDA	39.0%	32.4%	24.7%	21.7%	38.4%	36.2%

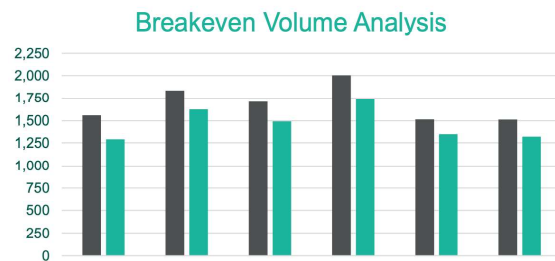
# ROI Analysis

## RETURN ON INVESTMENT ANALYSIS

Discretionary Cash Flow (High Capital Commitment)	\$1,321,563	\$672,904	\$170,449	\$130,412	\$1,422,846	\$1,133,392
Discretionary Cash Flow (Low Capital Commitment)	\$1,331,563	\$682,904	\$180,449	\$140,412	\$1,432,846	\$1,143,392
Annual Return (Cash Flow / High Capital Commitment)	21.1%	13.8%	5.8%	4.6%	28.2%	25.9%
Annual Return (Cash Flow / Low Capital Commitment)	25.8%	16.7%	6.7%	5.5%	32.1%	29.0%
Payback Period (High Capital Equipment)	4.7 years	7.2 years	17.4 years	21.6 years	3.5 years	3.9 years
Payback Period (Low Capital Equipment)	3.9 years	6.4 years	14.9 years	18.1 years	3.1 years	3.3 years

## Breakeven Analysis (by Cases)

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## Keys to Success

- Patience
- Patients
- Some Efficiencies
- Management
- Buy –in from surgeons
- Flexibility
- Excellence in Care

Ready for a  
Time Out?

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