

# Evaluating Staffing Costs in ASCs

In an increasingly pressured reimbursement environment, it is becoming more and more important to pay close attention to managing operating costs in order to maintain profitability. One of the largest components of operating costs in any ambulatory surgery center is staffing, raising the question in ASC administrators' minds: Is my facility staffed appropriately?

Being understaffed could result in bottlenecks and other inefficiencies in providing care, as well as in patient dissatisfaction due to long waits and lack of attention. Being overstaffed results in higher costs, which, in turn, eat away at profit margins. The key is to find a balance that will maximize efficiency of operations internally and consequently maximize the return on invested capital.

Benchmarking, using centers of similar size and type as a point of comparison, can be a very useful tool to help identify proper staffing levels and costs. Total staffing expense is typically around 23 percent of total net revenue (28 percent including benefits). If your center's staffing costs are significantly different, you should be asking why.

Take, for example, a facility with three operating rooms currently accommodating 3,350 cases annually from four specialties: orthopedics, pain management, podiatry, and endoscopy. The total staffing costs, including benefits, are \$1.31 million, or 30.1 percent of net revenue. This facility is staffed with 27.1 FTEs, including 13 nurses, 5.8 techs, 7.3 administrative staffers, and one administrator. The average hours per case (FTEs x 2,080 hours/number of cases) is 8.1 hours of nurse time, 3.6 hours of tech time, and 4.5 hours of administrative time.

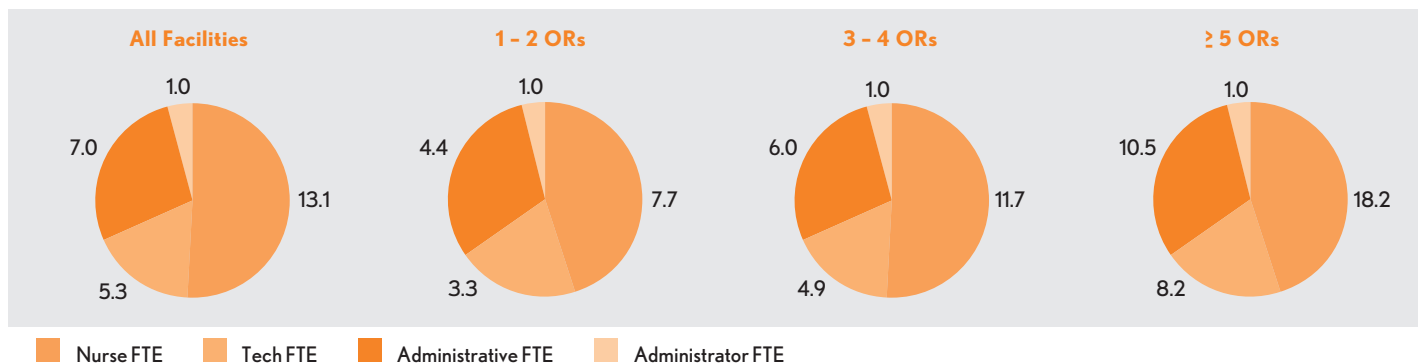
Staffing expenditures as a percentage of total net revenue at this facility are higher than industry benchmarks for comparable facilities. A closer look suggests some reasons why.

Staffing levels at this facility appear to be higher than at similar facilities across all staffing categories. Because the relevant benchmark includes both three- and four-OR facilities, it is important to compensate when making the comparison. In this case, FTEs appear higher than in similar facilities and are likely the culprit in driving up staffing costs.

Drilling down further to better understand the drivers of staffing expenses, including the hours per case and the average costs, will provide further insights for improving operations management going forward. If, for example, it turns out that average hourly rates for nurses and techs at the facility are below industry benchmarks, it might mean that any turnover would result in increased costs for new staff, worsening the problem. Alternatively, if average wage rates are higher than norms, it might mean

## Staffing Summary

	All Facilities	1 - 2 ORs	3 - 4 ORs	≥ 5 ORs
<b>Nurse FTE</b>	13.1	7.7	11.7	18.2
<b>Tech FTE</b>	5.3	3.3	4.9	8.2
<b>Administrative FTE</b>	7.0	4.4	6.0	10.5
<b>Administrator FTE</b>	1.0	1.0	1.0	1.0
<b>Total FTE</b>	27.1	15.9	24.5	40.5



Source: InforMed's 2006 Multi-Specialty ASC Intellimarker. Used with permission.

the staff is over qualified or too heavily weighted toward management.

Other factors play an important role too, including case mix and case volume. The case mix from higher-volume specialties such as pain management and endoscopy

might demand increased staffing on the administrative side, while orthopedics might require additional nursing or tech staff.

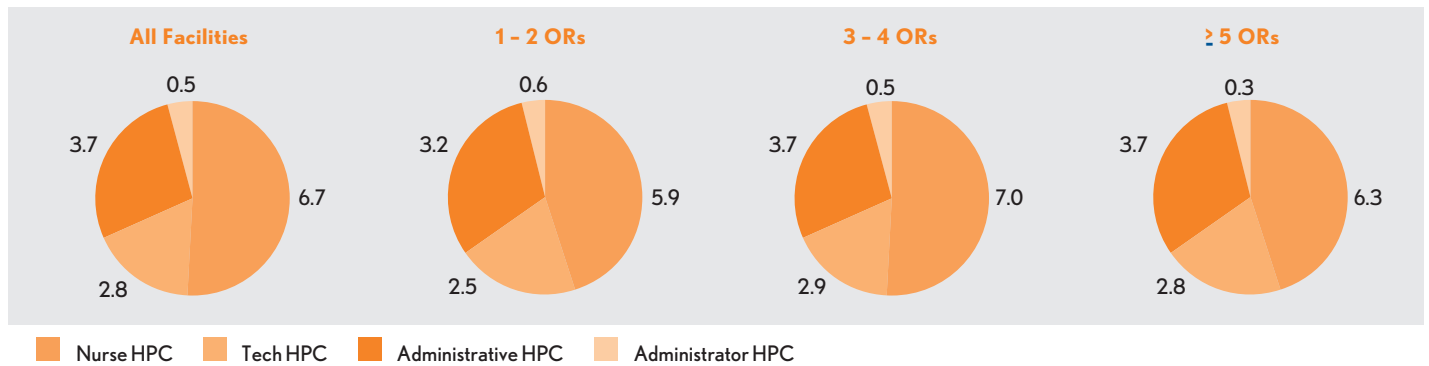
Analyzing performance is an important part of actively managing any facility, and

comparisons with similar facilities are a key component in such analysis. Further evaluating issues raised in the process allows you to identify, and address, root causes—before they adversely affect your business. ☺

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## Staff Hours per Case

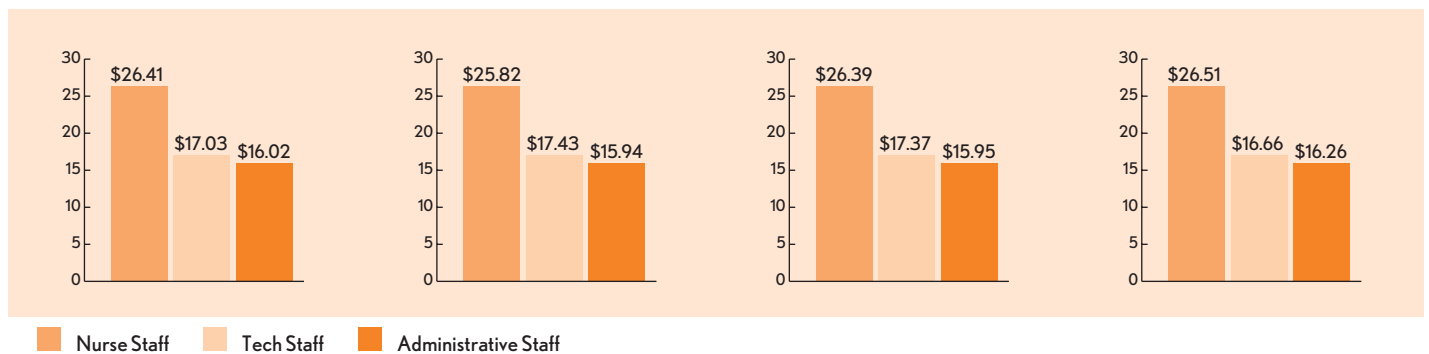
	All Facilities	1-2 ORs	3-4 ORs	≥ 5 ORs
<b>Nurse HPC</b>	6.7	5.9	7.0	6.3
<b>Tech HPC</b>	2.8	2.5	2.9	2.8
<b>Administrative HPC</b>	3.7	3.2	3.7	3.7
<b>Administrator HPC</b>	0.5	0.6	0.5	0.3
<b>Total HPC</b>	14.2	11.8	14.4	13.8



Source: InforMed's 2006 Multi-Specialty ASC Intellimarker. Used with permission.

## Hourly Salaries and Wages

	All Facilities	1-2 ORs	3-4 ORs	≥ 5 ORs
<b>Nurse Staff</b>	\$26.41	\$25.82	\$26.39	\$26.51
<b>Tech Staff</b>	\$17.03	\$17.43	\$17.37	\$16.66
<b>Administrative Staff</b>	\$16.02	\$15.94	\$15.95	\$16.26
<b>Total Hourly</b>	\$22.10	\$22.48	\$21.97	\$22.14
<b>Administrator - Salary</b>	\$92,765	\$86,987	\$91,292	\$97,089



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