# WHY OBLs FAIL

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St. Petersburg, FL

# Disclosure

- Founder and CEO of Vascular Management Associates- a company founded to help endovascular specialists open and operate office-based endovascular suites

UNIVERSITY VASCULAR ASSOCIATES

# APRIL 1, 2006

Opened first OBL in the US


# SEPTEMBER, 2006

Set up second OBL in Fairfax, VA for Cardiac, Thoracic, Vascular Surgical Associates - CTVSA

VASCULAR MANAGEMENT ASSOCIATES

# JANUARY, 2007

Founded Vascular Management Associates

DFW VASCULAR GROUP

# MARCH 2007

Third OBL in Dallas, TX

This experience over the past 14 years, has given me an up-close, front-row seat to view the good, bad and the ugly.

From this vantage point, I've seen many doctors open OBLs for the right reason...and some for not-so-right reasons...

# Through the years I've seen…

- Steady increase in the number of OBLs across the US
- Incredible quality of care in OBL
- Increasing complexity of OBL cases
- Ever-growing list of outpatient procedures being performed in the OBL
- Continuous addition of amazing technology to support outpatient interventional procedures
- Hundreds of OBLs open and flourish…
- …and some OBLs that open and fail.

# 3 Big Reasons OBLs Fail

- Revenue too low
- Expenses too high
- Greed

# Big Reason #1: Low Revenue

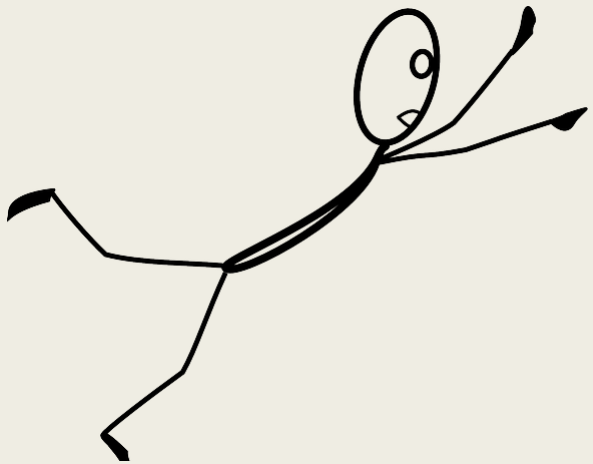
- Low case volume
- Poor payer mix
- Poor front-end processes
- Poor back-end processes
- Patient base too narrow

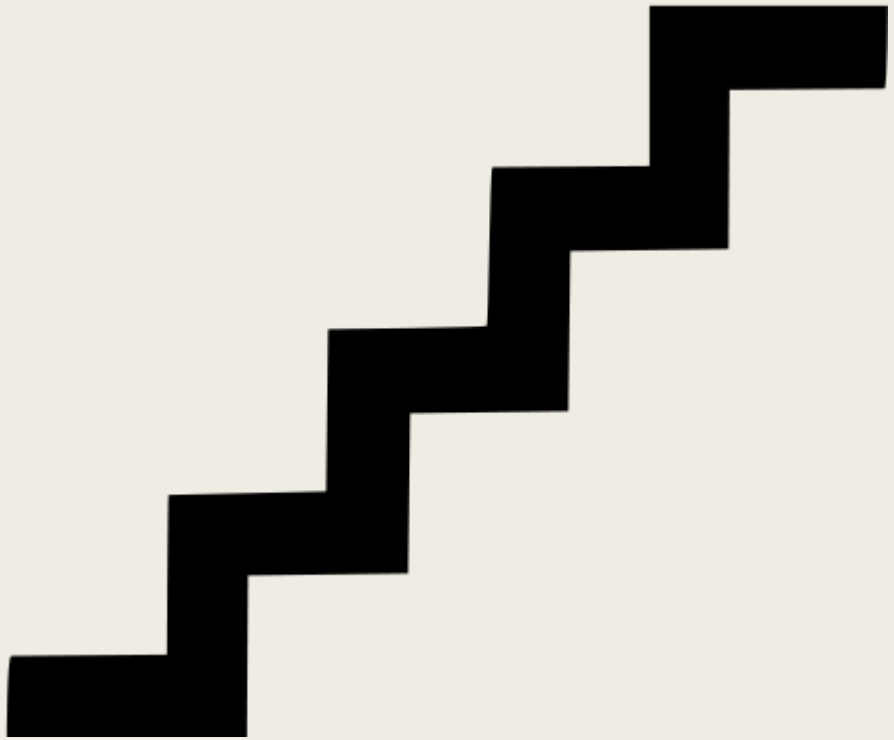
# Big reason #2: Expenses too high

- Setup expenses
- Ongoing fixed costs
- Supplies
- Equipment
- Staffing costs
- Poor management

# BIG REASON #3: GREED

# GREED: SUBTLE BUT POWERFUL





Greed in the pursuit of

*...money...*

*...control...*

*can lead to failure.*

# GREED CAN TAKE MANY FORMS...

# Mismatched sharing of profits

- Large, multispecialty group; small subset of doctors using OBL
- Doctors not using the OBL had majority ownership of practice
- All sharing OBL profits equally
- Surgeons using OBL wanted larger share of profits, but others said “no”
- Surgeons using OBL split off and started their own OBL– but could not compete in the local environment

# Short-sighted payout



- Group was bought by large corporation who paid money up front but lowered doctor take-home pay going forward
- Lower pay reduced doctor incentive to be productive
- Volume decreased, profits decreased and the OBL shut down
- They were blinded by the up-front payment and did not understand the full implications on future income



# Unbalanced power and profit distribution

- Few doctors owned the practice
- Kept most of the profits and gave little to the employed doctors
- Employed doctors lost motivation to work or left the practice
- Revenue decreased
- OBL went bankrupt

# OBL Avoided Failure

- Senior partners had most of the equity, control and profit distribution
- Junior partners unhappy
- Practice invited management company to assist and come up with new formula based on productivity instead of equity
- Saved practice

# INAPPROPRIATE OR UNNECESSARY PROCEDURES

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JUSTICE NEWS

**Department of Justice**

Office of Public Affairs

FOR IMMEDIATE RELEASE — Thursday, June 30, 2016

**Florida Cardiologist and His Practice Pay Millions and Agree to Three Years of Exclusion to Resolve Alleged False Billings for Unnecessary Procedures and Illegal Kickbacks**

"When medical professionals act on greed to perform unnecessary, invasive procedures on Medicare and Medicaid patients, both patient health and taxpayer funds are compromised," said Special Agent in Charge Shimon R. Richmond of HHS-OIG. "Our agents and investigators will continue to work hard with our law enforcement partners to ensure that health care providers who engage in such illegal behavior are held accountable."

# Over-emphasis on profit

- Overuse of procedures for marginal indications
- Underuse of stents when multiple are indicated
- Doing routine diagnostic angiogram without intention to treat
- Falling off the fine line of efficiency and cost effectiveness vs misuse of technology

# Personal Greed

- putting personal interest above the patient's best interest

- self-focused rather than patient-focused

# The Need for a Society

High number of OBLs
+ Potential for abuse
+ Multiple disciplines
+ Very sick patients
+ No single resource for defining quality standards

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Potential disaster

# September 2013 - Organizational meeting at the Admiral Club at the DFW Airport

**Founding Members**

Samuel Ahn, MD - Vascular Surgery
Enrico Ascher, MD - Vascular Surgery
Michael Arata, MD - Interventional Radiology
John Blebea, MD - Vascular Surgery
Jeff Carr, MD - Interventional Cardiology
Krishna Jain, MD - Vascular Surgery
William Julien,MD - Interventional Radiology
Elias Kassab, MD - Interventional Cardiology
Yazan Khatib, MD - Interventional Cardiology
Chris LeSar, MD - Vascular Surgery
Guy Mayeda, MD - Interventional Cardiology
Jerry Niedzwiecki, MD - Interventional Radiology
Ernesto Rivera, MD - Interventional Cardiology
David Sperling, MD - Interventional Radiology
Bret Wiechmann, MD - Interventional Radiology

# December 2013 - Incorporation

# OEIS Quality Initiatives: SCOCAP in the OIS


- Safety
  - Accreditation
- Credentialing
- Outcomes Measures
  - Registry
- Compliance
- Appropriateness
- Peer Review

# Conclusion

- Ensure adequate revenue
- Manage costs effectively
- Ensure your practice has a formula that respects and works for everyone
  - *Give and take: eliminate the greed*
  - *Better to cooperate than fail*
  - *Consider group interest over personal interest*
- Above all: focus on delivering high quality patient care
  - *Patient-centered, not self-centered*

# Greed won’t win!



Knock out Greed!