

My Challenges to Opening an OIS

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Faculty Disclosure

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- For the 12 months preceding this CME activity, I or my spouse/partner disclose the following types of financial relationships:
 - Honoraria received from: Boston Scientific, EKOS CORPORATION, BTG International Inc, Philips, Walk Vascular, Vesper
 - Consulted for: Boston Scientific, BTG International Inc, EKOS CORPORATION, Cook Medical, Merit Medical, Philips, Vesper, Walk Vascular, Vascular Medcure
 - Held common stock in: Cagent, Endologix, Endoshape, Vesper, Intact Vascular, MiMedx
 - Research, clinical trial, or drug study funds received from: BTG International Inc, Boston Scientific, EKOS CORPORATION, Walk Vascular

My Challenges

- Had no business acumen
 - No MBA
 - Science major at all educational levels
 - Minimal business experience
 - Never created a Pro forma/business plan
 - Never applied for business loan
 - Entire 20 yrs of practice was within large Rad grp or hospital
 - Always a part of an IR group



Lessons Learned: Preparation

- Prepare:
 - Takes longer than you think
 - Is more complex than anticipated
 - Absolutely MUST have a detailed business plan
 - Wise to engage a business manager
 - Should engage good legal counsel early - imperative
 - Someone who specializes in Healthcare Law
 - Understands OBL/ASC regulations in state



Challenges: State Regulations

Know state OBL/ASC regulations: Vary state to state

- +/- CON for ASC in state
- “Invasive Medical Procedures”: any medical procedure, including dental and podiatric procedures, in which the accepted standard of care requires anesthesia, major conduction anesthesia or sedation.
- No person shall establish, conduct or maintain a facility w/o obtaining accreditation from an accrediting organization that is approved by the Department. (AAAHC, AAAASF, JACHO)
- Must have thorough Policies, Procedures & Protocols Manual

Challenges: Financing

- Financing:
 - Determine your model:
 - Partners vs Investors vs Bank financing (SBA Loan)
 - Need detailed & accurate Pro forma
 - The better it is....the faster & easier in the long run
 - Have a knowledgeable business mgr to help
 - Make sure you have enough cases & right case mix
 - Make sure the payers will pay for OBL procedures



Challenges: Financing

- Financing:
 - Need all financials (PFS, tax returns, EIN's)
 - Corporate docs: OA
 - Recommend obtaining RVU's, collections....whatever you can get from employer/PP grp/hospital etc
 - Help determine "reasonable" potential volume
- Will be seen as "start-up" no matter # yrs in practice



Lessons Learned: Financing

- Secure financing early:
 - Want people experienced in OBL's
 - Live Oak (Wilm, NC)
 - 2nd largest SBA bank in US
 - Specialize in Medical & Dental practices
 - Liveoakbank.com
- Private Investors – caution about ownership
 - Loss of decision making if < 50%
 - Decide if you want to “direct the ship”



Challenges: Staff & Business

- Surround yourself w talented people
 - Legal, Mgr, Staff, Accountant, Banker
 - Salaries are the most expensive part of the endeavor
 - Don't skimp here...You get what you pay for
- Partnerships:
 - Equipment: negotiate 2-3 mos no payment, 6-9 mos INT only
 - OBL specialists (DaVita, Azura, NCP, American Endo, etc)
 - ACO's (potential referral resource, MIPS & MACRA)



Challenges: Facility & IT

- Facility
 - Location (considerations: community serving, proximity to hospital)
 - Space – how much, depends on services offered, # partners
 - Build-out costs – \$100-300/SF
 - Lease vs Own
- EMR – does it meet your needs
 - MACRA enabled
 - Integrates with other systems
- Marketing: Facebook, LinkedIn, Twitter, Instagram



Challenges: Utilization

- Utilization: Caution to both “Over & Under”
 - Don’t want to skimp to point of affecting quality & outcomes
 - Don’t want to be excessive and bankrupt practice
- Consign as much as possible
- Critical to procedure “SUCCESS” – having the right equipment/devices readily available
- Equip & Business Loans @ INT only x ? mos
- Don’t be greedy to point of hurting yourself
- Be honest w/ your skill & utilization per procedure



Challenges: Economic

- Know the reimbursements & costs of what you do
- Routinely evaluate & audit procedure utilization & outcomes
 - Clinically & Financially
- More “costly” procedures (equipment, time, resources)
 - Consider performing in hospital
- Know when it’s time to use “economy of scale”
 - Adding help to improve economic return
 - Cost advantages with increasing output



Lessons Learned

- In The End...it's about being smart and using common sense.
- The market is primed for these endeavors....
 - Patients want them
 - Payers want them
 - Doctors want them
- Can be beneficial to all (except the hospitals)
 - Maybe partner w/ hospital
 - Be visionary...NOT short-sighted





Thank You

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