IN PHOENIX

Looking Back Looking WHERE IT A

(Top row, l to r): Surgicenter's original facility, 1970; Sharon Shafer studies the building design recreated on the frosting of Surigicenter's first anniversary cake.; Surgicenter's original staff

(Bottom row, l to r): Surgicenter's OR staff today; Reed (l to r) and original Surgicenter staff Jerri Rice, Sharon Shafer and Diana Anderson, 2000; Surgicenter's new facility, February 1993

FASA recognizes Ed Younkin, *today's surgicenter* magazine/Virgo Publishing Inc., for their assistance with photos for this issue's ASC feature.

What was it like to be part of the ASC industry in its earliest days? In Phoenix—the host city for FASA's 30th Anniversary Celebration—there are people who know. They know because they built and staffed the nation's first fully independent, freestanding ASC; they helped create FASA; and then they continued to lead the way in establishing the standards of excellence for which the modern ASC industry is known.

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and Forward from ALL BEGAN

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Wallace A. Reed, MD, (left) and his wife Maria, welcoming FASA's Executive Director Kathy Bryant to the association in 1999

This editorial cartoon appeared in *The Arizona Republic* on April 30, 1972, along with an editorial endorsing a Surgicenter request for permission from Arizona's Comprehensive Health Planning Council for a reduction in rates.

"That, of course, was a very interesting time for us," says Wallace A. Reed, MD, modestly as he begins to talk about the period of time when he and his colleague John L. Ford, MD, began to lay the groundwork for what would eventually become the country's first freestanding ASC and mark the beginnings of the industry that now performs more than 8 million surgical procedures each year.

"Jack [Ford] and I were in mid-career. I was in my 50s and he was close to it, and we were at the point of thinking about how we were going to extend our professional lifetimes. We knew we weren't going to be able to continue doing emergency cases all night and then taking on a regular schedule during the day. And since both of our fathers were family physicians and my mother was a nurse, we both came from backgrounds that were very much imbued with the medical tradition. At that time, there was a lot of criticism of the existing health care system and we felt obliged to try to do something to address that criticism, if we could, in phasing into a new period of our professional lives.

"So we turned to our health care leaders for direction and came across quotes like the following:

> In the years ahead, significant improvements must be made in the delivery of health services to ambulatory persons . . . . (1968 American Hospital Association report on outpatient health care)

> The modern hospital is rapidly becoming an intensive care unit with all the fantastically expensive equipment and procedures that are required. It costs too much. It costs too much because many who are hospitalized do not need all this and should be cared for in much less expensive surroundings. Thus, the hospital must be surrounded with a number of closely associated special purpose facilities. (Russell V. Lee, MD, writing in *Medical World News,* July 11, 1969)

"So then we asked ourselves, well, where is there a need? What kind of service can we provide in making our change in our professional lives and how can we do it and continue to utilize our skills in anesthesia? It was pretty obvious that the answer was to be found in the elective ambulatory surgery area."

And that, very simply, says Reed, is how the ASC industry began. The steps he and Ford took to turn

their ideas into an actual functioning ASC were a little more complicated.

As the two men continued to examine their career options related to ambulatory surgery, they became more and more convinced there was a need for separate surgical facilities that catered to the needs of ambulatory surgery patients and the physicians who serve them. For one thing, Reed says, many ambulatory surgery procedures at the time were performed in hospital emergency rooms. Because the emergency patients always had to be scheduled as quickly as possible, the ambulatory surgery patients were often delayed and inconvenienced so that the emergency patients could receive care. For another, the costs of receiving ambulatory surgery in the hospital were escalating rapidly and patients were complaining more frequently. "The epitome of the complaints about cost," says Reed, "was that of an uninsured barber from a nearby community whose two children were having adenoidectomies. He told us it would take all of the income from some 250 haircuts to pay for those two procedures. That made a deep and lasting impression on us."

Reed also points out that patients and many of the country's best-known health care leaders weren't the only ones pointing to problems with affordable and accessible ambulatory surgical care in 1968. Government officials, insurance providers and physicians were looking for alternatives to the existing system as well. For example, President Lyndon B. Johnson had appointed a National Advisory Commission on Health Facilities to find out how the country's health needs could best be met. As Reed explains, the commission's 1968 report concluded that "1) experimentation is needed to develop effective programs for financing health services from a variety of sources and 2) communities should aim to improve the less developed components of comprehensive health care, such as the organization and delivery of ambulatory health care services." About the same time, Secretary of the US Department of Health, Education and Welfare Robert Finch was quoted as saying, "This nation faces a breakdown in the delivery of health care unless, and until, immediate concerted action is taken by the government and the private sector."

According to Reed, speaking with the perspective of the insurance industry, one member of the Health Insurance Benefits Advisory Committee suggested that the solution lay in "1) stimulating experiments and innovations in the organization and delivery of health care services, 2) obtaining broader health insurance coverage for alternatives to inpatient care, and 3) involving the medical profession increasingly in the effort to control costs." Many of the issues that the physicians wanted to resolve paralleled those of their patients, for example, reliable scheduling, patient access to topnotch care in a comfortable and comforting environment uninterrupted by the need to provide emergency care, and adequate insurance reimbursement for the procedures being performed.

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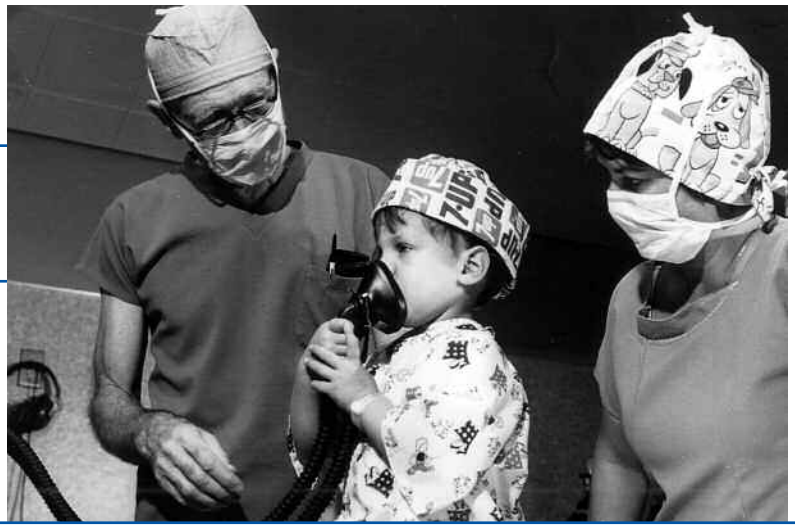
Cost of Adenoidectomies

1968—125 haircuts

1988—80 haircuts

While the price of a haircut tripled over 20 years, the cost of an adenoidectomy only doubled during that same time.



Reed and an OR nurse give anesthesia to a pediatric patient

FASA THEN AND NOW

Surgicenter co-founder Wally Reed, MD, says he had no idea when he and John Ford, MD, were designing their own facility that ASCs were going to become so important in the US health care system in the next 30 years. Once Surgicenter opened for business, however, national and international interest in the facility was keen. "We weren't interested so much in becoming lecturers on the subject or becoming consultants and entrepreneurs," he says. "We loved the OR atmosphere and just wanted to continue working and spending the majority of our time there."

Despite the physicians' original intentions, during Surgicenter's first 12 months, more than 400 visitors (not including patients) toured the facility to learn more about it and talk about the things they needed to know to be able to open their own ASC. Reed and Ford soon decided that a tremendous need existed for exactly what Surgicenter was providing and the number of similar facilities was likely to grow rapidly. "That led us to think that we had to maintain some kind of discipline and standards, and that's when we got into the formation of the Society for the Advancement of Freestanding Ambulatory Surgical Care [FASA's original name]," says Reed.

At this point, Reed and Ford were no longer the only ones who believed in the need to create such a society. M. Robert Knapp, MD, and Joseph C. Belshe, MD, who would become the new association's third and fourth presidents, had also opened ASCs and were supportive of forming an association to provide a forum for the new industry.

The idea of creating a society that would bring together everyone interested in ASCs, act as an information clearinghouse for the fledgling industry and develop standards for ambulatory surgery facilities moved one step closer to reality in June 1974. At that time, Reed, Knapp and several of their colleagues were attending an American Medical Association meeting at the Palmer House in Chicago. They decided to organize an ASC seminar in Phoenix that fall that they later titled "The Impact of Ambulatory Surgical Care on the Health Care Delivery System." That meeting took place in Phoenix in November and, in addition to visits to the Surgicenter facility, included sessions on both the political and medical how-to's associated with opening a freestanding outpatient surgical center.

By the end of the Phoenix meeting, the Society for the Advancement of Freestanding Ambulatory Surgical Care was up and running. Bylaws had been approved and plans were being laid to conduct a second meeting the following year.

From its inception in 1974 through early 1984, the society operated out of the Surgicenter facility. The ASC's administrator, Robert Williams, served as executive director of the group. According to Williams, being invited to join the Surgicenter staff and then being asked to serve as the executive director of the new society was "pure luck" and "a gift." Although he could not have exactly foreseen the future of the ASC industry and FASA, he adds, "I knew that it was something that extended far beyond Phoenix. The concept was too valid and there was too much interest in the idea right from the beginning."

In its first 10 years, the new society operated on only a minimal budget with limited secretarial support but continued to grow steadily right alongside the industry. While the organization accomplished many things during its early years, two achievements that Reed says he considers to be among the most noteworthy were creating the Accreditation Association for Ambulatory Health Care in 1979 and obtaining an endorsement of the Society for the Advancement of Freestanding Ambulatory Surgical Care from the American College of Surgeons in 1980.

Bernard A. Kershner, who would become FASA's 5th president, says he was convinced immediately after his

first visit to Surgicenter in the early 1970s that the concept behind the facility was "the wave of the future." In early 1980 he started focusing on legislative and regulatory support for the industry. As Kershner puts it, he, Reed and others who believed in the idea talked to "anyone who would listen" to encourage passage of the legislative and regulatory support the industry needed to grow.

In January 1984, two years after Medicare began to reimburse ASCs, Kershner played a key role in organizing a meeting of FASA's leaders to consider the association's future. At that meeting, it was decided to begin charging dues, hire full-time staff and move the office to Washington, DC, so that the organization could better address some of the legislative and regulatory policies that were beginning to affect the industry in significant ways. Also during that meeting, it was decided to change the name of the society to the Freestanding Ambulatory Surgical Association, or FASA. At the annual meeting of the organization that year, the membership enthusiastically endorsed the changes suggested by the leadership and FASA moved to Washington. The move to Washington brought about many changes, including a move away from being an organization solely for physicians to one that encouraged full participation of all those involved in the ASC industry, including administrative and clinical staff. At that time, FASA also expanded its activities into new areas such as group purchasing, public relations and recovery care.

In 1986, in an attempt to more accurately reflect the expanded ASC community that the organization was representing, the organization changed its name once again to the form it uses today, Federated Ambulatory Surgery Association. Since then, FASA has continued to grow and change right alongside the ASC industry. Some of the association's most recent accomplishments include establishment of the CASC (Certified Administrator Surgery Center) credential, which is the first ASC-specific credential; creation of FASA's Outcomes Monitoring Project, an industry-specific benchmarking program on which ASCs across the country rely to measure their performance against industry-wide benchmarks; expanded advocacy efforts; and increased support of the state ASC associations. In the meantime, FASA continues to provide a variety of educational resources in multimedia formats to address topics related to ASC start-ups, daily management and quality of care issues throughout the industry. In the true spirit of its founders, FASA continually strives to provide services that are top quality, cost effective and dedicated to meeting and exceeding the expectations of the people that it serves.

"Even as FASA has grown and changed, it has remained true to its founding principles. It continues to speak for quality, cost effectiveness and appropriate clinical utilization in the ambulatory surgical center setting. This commitment has served it well and will continue to endure for future generations."

– Wally Reed, MD, and Bernard A. Kershner, president and founder Medical Management and Development Corporation in "The History of the Federated Ambulatory Surgery Association"

According to FASA Executive Director Kathy Bryant, "I can not describe the great privilege it has been, since accepting my current position at FASA in 1998, to get to know and work with so many of FASA's founding fathers and mothers, like Dr. Reed, Norma White, and FASA's ninth president, Beth Derby, and others."

"It's almost impossible to believe," adds Bryant, "that in just 30 years what started during a simple informational meeting in Phoenix is now an organization with thousands in attendance at its annual meetings and an industry that performs 8 million surgical procedures in this country each year. But the vision that Dr. Reed, Dr. Ford and their colleagues shared in 1974 is still an inspiration and a guiding force for FASA today." ◆

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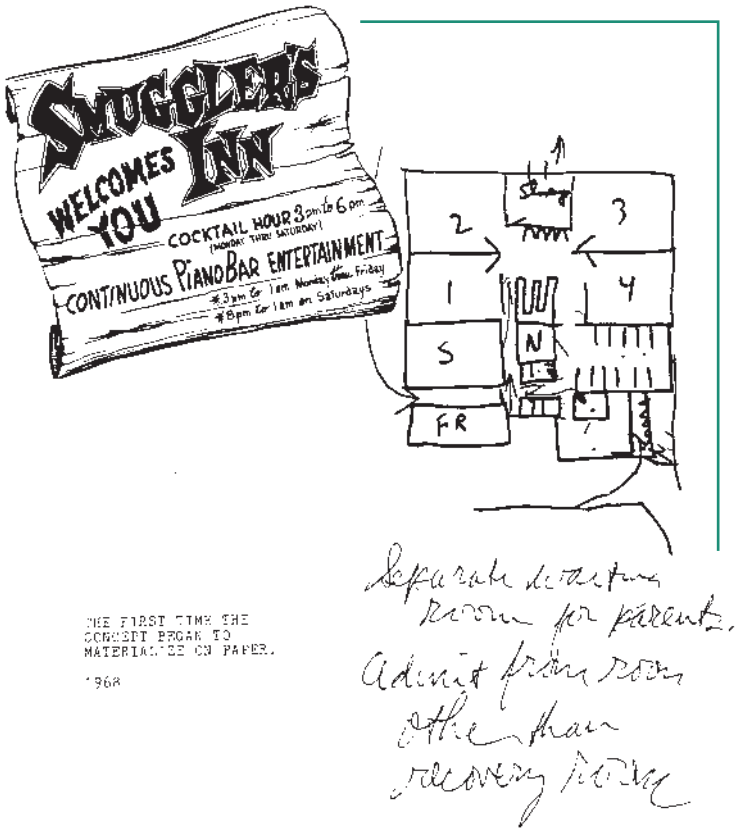
While Reed and Ford were developing their plans for a way to provide affordable, accessible ambulatory surgical care, physicians at the George Washington University (GW) in Washington, DC, and the University of California, Los Angeles (UCLA) were already testing alternatives. Reed and Ford studied the experiences and outcomes data associated with those programs as they designed their own facility. Both GW and UCLA had initiated their ambulatory surgery programs because of a shortage of hospital beds and both reported extremely positive results. At GW, where a separate suite of rooms had been assigned to ambulatory patients, the staff reported 2,121 admissions in a one-year period beginning April 1, 1966. The UCLA program, begun in 1963, published its results in the *Journal of the American Medical Association (JAMA)* in 1966. One of the physicians associated with the program and that article later told Reed that initially JAMA did not want to accept the article for publication because the program varied so greatly from accepted practice at the time.

"It was at this point we began doodling and sketching," says Reed. "The first sketch was made on the back of a small tent table ad at the Smuggler's Inn."



THE FIRST TIME THE CONCEPT BEGAN TO MATERIALIZE ON PAPER.

1968

Even at the outset, he adds, their plans included a notable lack of almost all support services. ". . . we were focusing on admitting, operating and recovering the patients at the time of that first sketch." From the outset, he also envisioned a facility that was separate from the hospital so that more time and attention could be devoted to meeting and exceeding the physicians' needs than was likely to be possible in the hospital setting. About that time, Reed and Ford also decided to define their objectives for their facility (see box below).

Objectives

- To make the "ambulatory patient" a matter of greater concern.
- To streamline the delivery of his/her medical services.
- To reduce the cost of his/her care.
- To work for a broadening of his/her insurance coverage.
- To provide a pleasant atmosphere for both patient and staff and surgeons.

Converting Obstacles into Opportunities

From the beginning, says Reed, he didn't have much doubt about the need for the type of facility he had in mind nor about its potential for success. "Where our doubts arose," he says, "was in financing the project to begin it because the bankers don't like to think in terms of a new concept when they're going to lend money if they don't have collateral. Neither John [Ford] nor I were all that well situated financially and we didn't know how we were going to finance the project."

To demonstrate that Surgicenter would be a wise investment, the bank's loan officers asked for recommendations from the executive secretary of the county and state medical societies. They also asked for evidence that other physicians would support the venture. Reed and Ford went about collecting those endorsements.

Because no freestanding ASCs existed at the time, no regulatory or licensing requirements had been established for the industry. Nevertheless, to gain the sup-

port for their idea that they needed, Reed and Ford voluntarily sought approval from the Comprehensive Health Planning Council of Maricopa County. In March 1969, the council commended them for their decision to voluntarily seek its approval and wished them success with their project. Even in 1974, when Reed and Ford applied to the Arizona State Department of Health for licensing, that agency could give them only written approval of their plan and declined to provide a formal license until applicable regulations could be adopted. The only requirements that the state imposed on the facility were a few related to its architectural design, ". . . and the others we helped them develop as time went on," says Reed.

Once Reed and Ford had secured some governmental endorsements of their idea, they began to concentrate on obtaining the insurance industry's support. As Reed explains, "The second problem, from a financial stand-

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Reed presents an architectural rendering of the new Surgicenter facility during groundbreaking ceremonies in 1992

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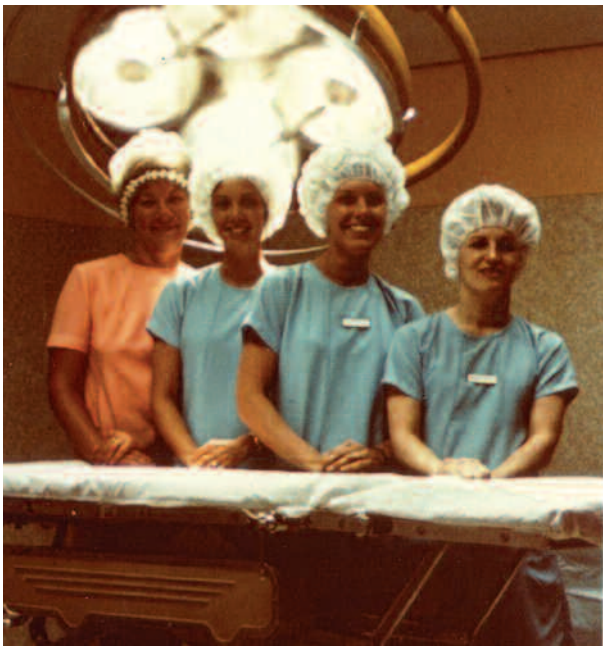
This ad, part of a campaign developed by the Health Insurance Institute in Washington, DC, promoted the cost-effectiveness and quality patient care available at Surgicenter and other ambulatory surgery service providers throughout the country.



Surgicenter staff E. J. Craft, Dianne Kangas, Diana Anderson and Sharon Shafer, 1970

point, was how to maintain the concept once it was initiated. How were we going to be able to collect fees for the services rendered? To make the idea more attractive, we felt that an all-inclusive fee would be the way to go, and the insurance companies loved the idea because their actuaries could identify the number of certain kinds of surgeries or operations that would be needed by a certain population and then get a better feel for what it would cost. The surgeon's fee and the anesthesiologist's fee were still separate but those costs were pretty well known."

By August 1970, Surgicenter had secured the support of more than 40 insurance providers who covered 225 surgeons at the ASC. According to Reed, Aetna, in particular, helped guide the development of Surgicenter when it defined 14 conditions the facility needed to meet in order to be recognized within their plan. Later, Metropolitan Life Insurance Company also set standards for the ASC industry when it became the first

entity to require all new ASCs to pass an inspection before the company would grant approval for physicians there to be covered within its plan. "For several years," says Reed, "the Metropolitan inspection was the only form of survey by outsiders to which these facilities were subjected . . . ." As of October 1978, he adds, more than 130 facilities had been visited and only 60 of those had been recognized by the company.

Eventually Reed and Ford were able to collect all of the endorsements that the bank's loan officers required and broke ground to erect their new facility. Surgicenter officially opened for business on February 12, 1970. On that day, five different surgeons scheduled procedures at the facility. Four of those required general anesthesia. The staff on hand that day included four nurses, one business manager, one plant manager and two anesthesiologists. Two of the original nurses on staff, Sharon Shafer, RN, and Diana Anderson, RN, still work at Surgicenter today. The facility included four operating rooms and one large recovery room.

As Surgicenter continued to grow, support poured in from many sources. Not only were individual physicians and anesthesiologists throughout the country interested but so were members of Congress, such as Barry Goldwater; numerous government agencies, such as the US Civil Service Commission; and an array of other state and national health care organizations, such as the National Association of Internal Revenue Employees and the Arizona Medical Association. In August 1979, the Health Insurance Institute in Washington, DC, sent Reed a letter notifying him that the organization was sponsoring a national advertising campaign that would mention Surgicenter by name and promote ambulatory surgery as a cost-effective alternative for patients seeking quality surgical care (see ad at left).

According to Reed, at the same time that so many groups and individuals involved in the country's health care system were expressing enthusiastic support for Surgicenter's approach to providing ambulatory surgery services, many representatives of the hospital community did not exactly share

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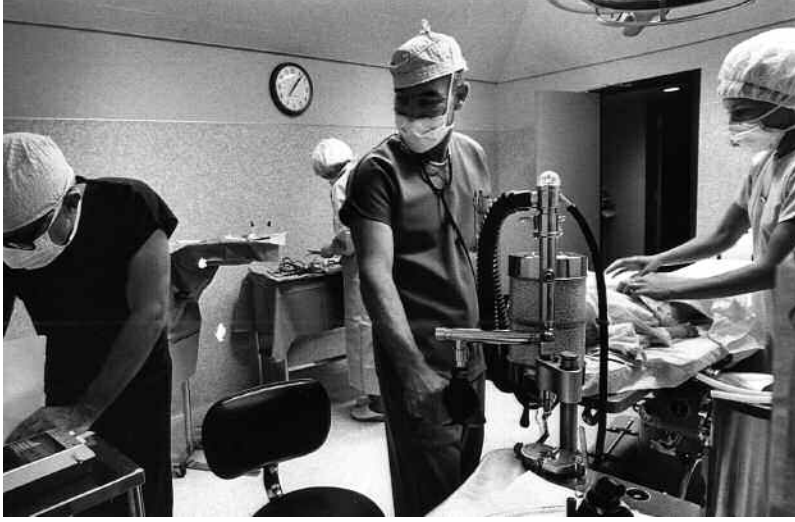

John Ford, MD, giving anesthesia, 1970

PACU department staff today

Ford (l) and Reed in the OR on Surgicenter's opening day, February 12, 1970

"The industry could not have had a more ethical, forward-thinking father than Dr. Reed. He set the standards. He so fiercely and passionately believed in the appropriateness and timeliness of what he was doing that he couldn't have been deterred. He created the credibility and established the benchmarks for the industry."

– former FASA president Bernard Kershner

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Reed (r) receives the Lambert Award from George Gallup, 1972

Surgicenter's physicians and staff on the facility's first anniversary

Reed (r) presents Congressional testimony, 1980

that enthusiasm. Nevertheless, he says, he and the others who believed in the idea continued to talk and work with their hospital colleagues to try to foster a more favorable view of the freestanding ASC concept.

Meanwhile, the industry moved forward, establishing the clinical and regulatory policies it needed to ensure that its growing reputation for excellence would endure. In 1973, the American Society of Anesthesiologists took a step toward establishing some of the first standards for the ASC industry when it approved a document titled "Guidelines for Ambulatory Surgical Facilities." Then, in 1980, President Jimmy Carter signed the Omnibus Budget Reconciliation Act of 1980. Although Surgicenter and five other ASCs had received some Medicare payments between 1974 and 1976 as part of a test program established with the federal government in 1974, the 1980 act officially provided for Medicare reimbursement to all freestanding ambulatory surgical centers for the first time. Two years later, the *Federal Register* finally published the first regulations dealing with Medicare reimbursement for ASCs. With the Medicare regulations in place, the ASC industry was officially on its way to the growth and professional developments that have helped establish ASCs as a critically important and highly respected component of the nation's health care system and individual representatives of an entire industry dedicated to only the best in patient care, physician services and affordable, accessible surgical care.

A Vision for the Future

Looking back over the 30-year history of the ASC industry, even Reed and Ford could not have predicted the path that the ASC industry would take to achieve the respect and status it enjoys in the US today. Looking ahead at the industry, Reed says, "I think the future is bright. I think the potential for growth is tremendous if the focus remains on providing excellent patient care and keeping costs reasonable. We need to continue to make the patient the absolute top priority, continue VIP treatment for surgeons and continue to make certain that there are financial benefits to the patient, the facility and the surgeon."

"I would also encourage things that bring about staff loyalty," says Reed. "We always had the idea that everybody is a participant in the team—the person in the workroom as much as the anesthesiologist giving the anesthesia—and everybody should participate in any kind of award or recognition that is being distributed." ◆

WALLACE REED, MD

Anesthesiologist and Co-Founder of Surgicenter

While Reed is probably best know within FASA and the international health care community as the co-founder of Surgicenter, his other personal and professional achievements are equally noteworthy.

Reed's education and training include a degree in German from the University of California, Los Angeles (UCLA) in 1937, two years of study in West Germany, a medical degree from the University of Southern California School of Medicine in 1944, an internship at Santa Fe Coast Lines Hospital in Los Angeles in 1944, a preceptorship served at Valley Forge General Hospital in Pennsylvania from 1944 to 1946, a stint as the assistant chief of anesthesiology at Los Angeles County General Hospital between 1946 and 1947, and a position as a surgical anesthesiology instructor at the University of Southern California School of Medicine from the end of 1946 through 1947. He also served with the US Army's Medical Corps between 1944 and 1946. From 1948 until 1989, Reed provided anesthesiology services at five hospitals in the Phoenix area. The list of professional memberships and offices he has held between 1966 and today easily fills two pages and includes everything from serving on the Board of Directors of the Arizona Medical Association to serving on the Phoenix-based Task Force for the Poor. He has lectured in most of the major cities in the US and some in Canada. He has also published articles on surgery and anesthesiology in a wide variety of professional journals and has received more than a dozen awards for everything from distinguished service to philanthropy.

Although Reed retired from full-time practice in 1989, he still maintains an office at Surgicenter and visits the facility at least once a week. When he retired, his wife, Maria, was beginning to develop symptoms of Alzheimer's disease and he decided he wanted to be available to provide the care she would need. Reed and his wife met in Vermont in 1936. He was a German major and she was a German exchange student there. "Without her support and loving cooperation, I wouldn't have found the time or enthusiasm to launch the [surgical center] concept," he says.

"Maria was quite a lady in her own right," says Surgicenter Administrator Sharon Shafer. "She's the one who brought Montessori to Arizona. She went away to the East Coast for nine months to attend a teacher training course co-hosted by the Association Montessori Internationale and the American Montessori Society and received diplomas from both organizations. When she returned to Phoenix, she and Dr. Reed started a Montessori school that serves one of the low-income neighborhoods here." The Reeds celebrated their 25th wedding anniversary in New York in January 1963.

Together, the Reeds raised six children, four girls and two boys. Each of those children pursued their own interests, and today, the family includes a mathematician, a dermatologist, a printer, an architect, an obstetrician and a watercolor artist. According to Reed, that vocational mix makes for some interesting conversation when the family gathers together, as they try to do every two or three years. The Reed family now also includes nine grandchildren and four great-grandchildren. ◆

SHARON SHAFER, RN

Administrator/Director of Nursing

Shafer got involved in the planning and start-up of Surgicenter in 1969. When the facility opened in 1970, she immediately became the director of nursing there. Shafer served on FASA's Board of Directors all but one year between 1988 and 1994.

"I like my job all around because it has a little bit of everything," says Shafer. "I like the accreditation, licensing and financial management aspects of the job, and I like being able to look at Surgicenter's income statement and, in a minute, figure out exactly if I've done everything right or if I need to improve on something. And even though I don't get back there very often, I love the OR. There's just nothing better than that."

For someone preparing for a position as manager of an ASC, Shafer suggests spending a great deal of time learning about Medicare and the state licensing regulations that apply. "Fifteen or 20 years ago, all you really had to know was how to run an operating room and then a little about PACU," she says. "Now you also have to know all about the accreditation, licensing, marketing and financial aspects of running an ASC. If I were brand new in this industry and hoping to take on a management role, I'd take a course to try to prepare and then try to work in a center so that I could get the feel of it and learn how everything works. I'd also try to find a mentor."

"There's one thing about this business you can count on and that's change," adds Shafer. "You just never know what's going to be around the corner. For example, 10 years ago I wouldn't have thought we'd ever be doing GI cases in our center and now it's a huge part of our business. So you have to be open-minded and ready for just about anything."

Shafer is a diploma graduate of St. Joseph's Hospital School of Nursing. Before joining the Surgicenter team, she had worked at St. Joseph's Hospital in Phoenix first as a staff nurse in the OR and later as a private scrub nurse to one of the physicians there. She had also spent a year at Queen's Hospital in Honolulu, Hawaii. In 1996, Shafer achieved her CNOR credential and in 2001 she became a surveyor for AAAHC. She also holds current Advanced Cardiac Life Support (ACLS) certification. While at Surgicenter, Shafer has been a faithful Association of periOperative Registered Nurses (AORN) member, presented numerous speeches before FASA and other organizations about her experiences related to her role at the ASC, published several articles along those same lines and served as the director of clinical operations for Banner Surgicenters of Arizona.

Sharon has raised two sons and a granddaughter. Both sons are employed in Phoenix. Her oldest son is married and has five daughters. Her granddaughter is a labor and delivery nurse, working

in a Phoenix hospital. Sharon stays busy spending as much time as possible visiting her grandchildren and can often be found volunteering at her church or serving food at the local homeless shelter. "I have also been a clogger for 25 years," she says. "In fact, my husband and I danced with our clogging group at the last FASA meeting held in Phoenix."

Shafer's next big challenge is figuring out how to retire from the ASC where she's spent the last 35 years of her life. Who's going to manage Surgicenter? "I don't know," she says, "and I wish I did. Nobody here wants my job, and they all keep telling me I just can't quit." ◆

SURGICENTER TODAY

Eleven years ago Surgicenter moved from its original facility to a new building erected on the same property in downtown Phoenix. "And we were only closed for one day," says Surgicenter Administrator Sharon Shafer. The new facility has seven ORs, three endoscopy suites and three recovery care beds that are licensed separately from the ASC. Most of the pain blocks done at the facility are done in a separate building that is licensed to Surgicenter and located immediately adjacent to the ASC.

"To remain a competitive force in the downtown area," says Shafer, "we needed to update our center. We could not remodel the existing center due to all of the state regulations that had been adopted after the facility was built. We were grandfathered in, but once we started construction, we would have had to bring everything up to the current codes and that would have been impossible considering the layout and space we were working in. The building was 23 years old, and we needed to update our essential equipment, like our autoclaves. We also took that opportunity to expand our orthopedic services."

The new facility's recovery care unit is used predominantly by patients who have undergone procedures like hysterectomies, mastectomies or anterior cruciate ligament (ACL) repairs, and sometimes to accommodate the special needs of the ASC's surgeons who also bring their smaller cases to the facility. "I don't do two- and three-day stays though," says Shafer, "because the cost of staffing is pretty high and I'm just not in that business." In general, fewer than 30 patients use the recovery care unit each month.

Staffing for a Multi-Specialty Case Mix

Last year, surgeons at Surgicenter performed 9,974 procedures or an average of about 40 patients each day. Forty-two percent of the procedures were gastrointestinal, 18 percent pain management, 17 percent gynecologic, and nine percent orthopedic. Physicians at Surgicenter also perform endoscopic, general surgery, plastic surgery, podiatric surgery, hand surgery, and colon/rectal and ear, nose and throat procedures, but none of those single categories accounts for more than about two percent of the facility's caseload. According to Shafer, about 220 physicians use Surgicenter and about 50 of them use it regularly.

Surgicenter currently employs about 62 people and much of the staff has been with the ASC for 20 or 30

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TIMELINE OF EVENTS *continued on page 24*

1960s

Health care professionals and government officials begin calling for affordable, accessible outpatient surgery alternatives that can continue to deliver top-quality patient care.

1966–1967

Facilities dedicated to providing ambulatory surgical care open in conjunction with hospitals in California and Washington, DC.

1968

Wallace Reed, MD, and John Ford, MD, commit their idea for a freestanding ambulatory surgery facility to paper for the first time and develop objectives for the facility. They begin collecting endorsements from the governmental bodies and members of the health care community they need to obtain financing for the project.

1970

Reed and Ford's idea becomes reality when on February 12 Surgicenter, the nation's first freestanding ambulatory surgery facility, opens for business. Five physicians perform five procedures at the facility that day. Four of those procedures require general anesthesia.

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years. "And our managers are working managers," says Shafer, "so our operating room [OR] charge nurse assists with OR turn overs and relieves staff for lunches and breaks. She makes sure the doctors get what they need and just keeps the heartbeat of the center going back there. Our PACU [peri-anesthesia care unit] manager is the same way."

Shafer says that when she needed to replace her nurse manager a few years ago, she had trouble finding an OR manager who was willing to work in the OR alongside the staff. To find someone, she advertised for a charge nurse rather than a manager. Shafer also says that recruiting new staff has proven challenging in recent years for several reasons. First, Surgicenter is located in downtown Phoenix and much of the area's population has relocated outside the city. Second, the nursing salaries in the area have increased dramatically in the last two years making it difficult for her to compete. Third, she says, "I have never seen our nursing staff in this city as mobile as they are now. They move and they move for money." Fortunately, she says, her staff is very loyal and after they come to Surgicenter most of them want to stay. To encourage that loyalty, Shafer tries to recognize the individual and collective accomplishments of the staff with luncheons, parties and small presents. The ASC also celebrates Nurse's Week, which occurs during FASA's 30th Anniversary Meeting this year, and supports the staff's continuing education whenever it can.

The majority of the anesthesia at the ASC is handled by a group of anesthesiologists who are independent, and for the most part, work only at Surgicenter. Occasionally, other outside anesthesiologists come into the center at a surgeon's request. There are no certified registered nurse anesthetists (CRNAs) at the facility.

Transferring Ownership

In a series of business transactions that exemplifies a lot of the corporate trading that has taken place in the ASC industry over the years, Surgicenter's ownership and management has been transferred several times during the ASC's history. First, in 1983, Reed and several other physicians decided to band their ASCs

TIMELINE OF EVENTS *continued on page 26*

Early 1970s
A small number of other ASCs open throughout the US.

1971
The American Medical Association adopts a resolution endorsing the concept of outpatient surgery under general and local anesthesia for selected procedures and selected patients.

1973
The American Society of Anesthesiologists (ASA) establishes some of the first standards for the industry when it releases "Guidelines for Ambulatory Surgical Facilities," a list of nine criteria approved by the ASA House of Delegates that day.

1974
The Society of Freestanding Ambulatory Surgical Care (FASA's original name) is incorporated during an ASC seminar conducted in Phoenix, Arizona.

1975–1976
Rapid growth. A total of 42 surgery centers were in operation in the US by 1975 and an additional 25 facilities opened in 1976.

together through a company known as AlternaCare. Robert Williams, Surgicenter's original administrator, became one of the company's corporate officers. "There was feeling at the time," says Williams, "that if the ASC industry was going to expand through corporate bases, then that expansion and those corporate bases should include the industry's founding fathers." Not long after Surgicenter became part of AlternaCare, Medical Care International bought the company and then partnered with Banner Hospitals, the new owners of the local Samaritan Hospital, to manage Surgicenter. Columbia HCA later bought Medical Care International and, in a separate venture that followed, transferred its ownership share in Surgicenter to Triad Hospitals. Today, the entity known as Banner Health currently controls a 49 percent interest and Triad Hospitals a 51 percent interest in Surgicenter through a joint venture entity known as Banner Surgicenters of Arizona. The property and the building are owned by REP Limited, a company operated by Triad and in which Reed is a general partner. Despite the corporate trading, Shafer says, Surgicenter retains a lot of operational autonomy and through it all most of the policies and procedures at the facility have remained under the control of the staff and managers at the ASC.

For Shafer, the network of ASCs represented in Surgicenter's current ownership arrangement offers several advantages. For one thing, she regularly consults with the other ASC managers within the Banner Surgicenters of Arizona system when she wants to discuss things like staffing, procedures or equipment. For example, at one point, all of the managers in the system collectively decided to recommend purchasing the NovaSure System for performing endometrial ablations within their centers. Second, when the ASC encounters a larger patient care or quality improvement issue of some kind, a group of quality improvement nurses from all the centers that meets quarterly reviews all the information and develops ways to improve. Recently that group studied ways of ensuring that signed consent forms were obtained from every patient. Today, the permit and a checklist is simply placed in a prominent position in the front of the patient's chart, and since that suggestion was implemented, occasional problems obtaining the signed consent forms that existed in several of the ASCs in the past have been eliminated almost entirely.

Most immediately, when an issue of quality improvement arises within Surgicenter or one of the other ASCs in the Banner Surgicenters of Arizona system, that issue is discussed by the individual ASC's quality improvement committee. The information from that committee is then reviewed by the medical directors of that ASC who convene monthly. Once the medical directors discuss the issue, they take their findings before a Medical Executive Committee, a group that meets quarterly and includes all of the medical directors from all of the ASCs in the Banner Surgicenters of Arizona system as well as 14 physicians who represent all of the specialty areas in which

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1979

The industry continues to grow with the number of ASCs reaching triple digits. FASA and others join together to form the Accreditation Association for Ambulatory Health Care (AAAHC).

1982

Medicare approves payment to ASCs for approximately 200 procedures, which are placed in one of four payment groups with payment rates of between $231 and $336, based upon a cost survey of 40 ASCs.

1984

The Society for the Advancement of Freestanding Ambulatory Surgical Care decides to begin charging dues, hire full-time staff, move its main office to Washington, DC, and change its name to the Freestanding Ambulatory Surgical Association (FASA).

1986

To more accurately reflect the expanded ASC community that it represents, FASA changes its name to its current form, Federated Ambulatory Surgery Association (FASA).

1987

Medicare modified the ASC list to use specific CPT codes and expanded the list to include 1535 procedures.

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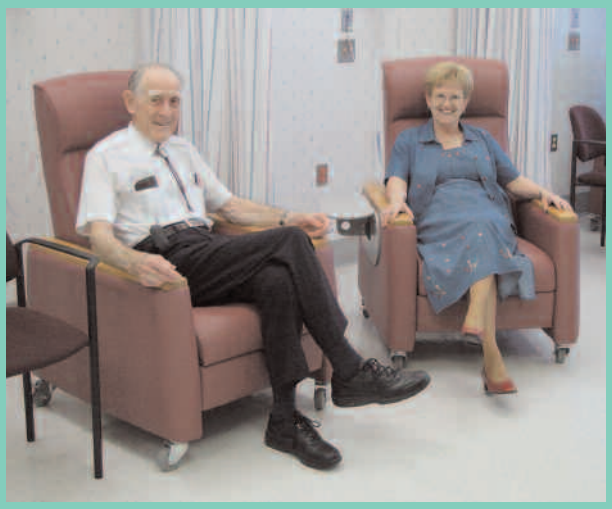

physicians in the system work. The Medical Executive Committee also receives regular quality improvement reports from all of the individual ASCs in the Banner Surgicenters of Arizona system. "It's an excellent committee," says Shafer, "very active and interested."

All of the recommendations and reports generated by the Medical Executive Committee are reviewed and given final approval by the Banner Surgicenters of Arizona's Board of Directors, which meets quarterly and includes several executives from both Triad and Banner, the chief executive officer of the joint venture/division president of Triad's Ambulatory Surgery Division and the chairman of the Medical Executive Committee. That Board approves all of the Medical Executive Committee's decisions, handles all of the credentialing for all of the physicians in the system and manages long-range planning for all of the ASCs under its control.

An Enduring Commitment to Testing New Ideas

At the same time that Surgicenter is known for being the first freestanding ASC, the physicians, staff and managers at the facility are also known for having been a part of many other firsts over the years. For example, in 1979, Surgicenter became one of the first ASCs in the country to receive accreditation from the Accreditation Association for Ambulatory Health Care (AAAHC), an achievement that continues to hold special meaning for much of Surgicenter's staff since Surgicenter's co-founders were also involved in designing and developing that accrediting body.

Surgicenter's team has also led the way in pioneering numerous new surgical procedures and continues to participate in groundbreaking research studies today. For example, Frank Loffer, MD, one of the first physicians in the country to experiment with endometrial ablation, performed much of his early work in that area at Surgicenter. Loffer was also at Surgicenter when he performed the first laparoscopies ever done in the US in about May 1970. "He and his partner David Pent, MD, came in and said, 'We have this little light we're going to use to look in the abdomen right now.' We all stood around wondering why," says Shafer. "At first, all

TIMELINE OF EVENTS

1988

A mile marker is reached—the number of ASCs in the US reaches 1,000, Medicare implements a new payment system. Using the information from a 1986 cost survey of ASCs, Medicare implements a new payment system for ASCs, which remains the basis for ASC payments today.

1994

Beth Derby is elected the first woman president of FASA and becomes the first nurse to serve in this capacity.

1995

ASCs go international when the International Association for Ambulatory Surgery (IAAS) is founded during the 1st International Congress on Ambulatory Surgery in Brussels. Medicare expands the ASC list to cover more than 2,000 procedures.

1997

FASA moves to expand services to its members and demonstrate the quality provided in ASCs by offering an industry-wide Outcomes Monitoring Project.

they did was look because there weren't many instruments out there. Then some of the first procedures we did with laparoscopy were simple cautery sterilizations. And we taught doctors from all over the US how to use laparoscopy. For about three or four years we would have at least two, and sometimes three, groups of 20 or more doctors coming through Surgicenter each year to learn how to do it. Then, of course, the resident programs caught up with us because the procedure became pretty much standard so we didn't need to do that anymore." The first arthroscopy ever performed in the US and some of the country's first experiments with the YAG laser were also done at Surgicenter.

Today when a physician wants to do an experimental procedure at Surgicenter, first they need to submit a protocol to Shafer, next they have to present their patient's signed consent form and finally they have to submit approval for the procedure that they have obtained from an independent Investigational Review Board. Shafer then presents all of that information to the ASC's Medical Executive Committee for approval. "I keep a whole drawer full of documents related to experimental procedures," says Shafer. "And I keep a log of all the patients who agree to them and when the procedures are approved. Right now we're doing a bronchoscopy study. The physician gives his patients a certain medication and then checks their lungs using a bronchial washing to see how the medication worked. We'll be doing about 60 of those patients soon, but I've participated in smaller studies as well."

Typically, Shafer says, the company that is trying to get a new drug or piece of equipment approved pays for the experimental procedures performed at the ASC. She negotiates the fee for the study with that company and usually receives a lump sum payment when the study is complete.

Shafer and other members of the Surgicenter team also remain active in advocating for the legislative and regulatory policies they believe will help shape the future of the ASC industry. "I always participate in everything from FASA," says Shafer. "I always write letters, I was on FASA's Board for a while, I've done a lot of Hill visits with FASA over the years and whenever I get a notice from FASA that a letter needs to be written I usually send off letters to everybody else in our company and make sure that they write too."

One other thing Surgicenter is known for is its parties. "We have extremely big celebrations on our big birthdays," says Shafer, "so we'll be having a 35th birthday next year and that will be a wingding of a celebration. We'll invite every person who has ever worked here, all of our old doctors, all of our new ones and all of our employees. We're going to have a great time!" ◆

1998

FASA hires its third executive director, Kathy Bryant.

2002

Seventy-eight individuals earn the CASC credential, the first-ever ASC-specific credential, establishing the ASC administrator as a separate and distinct career from other health care management and clinical positions.

2003

FASA expands its advocacy activities with a full year of events involving its members, beginning with the association's now annual legislative seminar and including the first Save Our Surgicenter (SOS) Day letter-writing campaign that results in more than 10,000 letters sent to members of Congress on April 21.

Today

More than 4,000 ASCs in existence in the US today perform 8 million surgeries annually. Medicare has granted approval for ASCs to perform more than 2,400 procedures. FASA continues to serve as the "voice of the industry" as new policies are made and new clinical standards adopted that govern the daily activities of individual ASCs and the entire industry.