

Part B Insider (Multispecialty) Coding Alert

ASC's: Keep Financial Statements Separate for Related ASCs

Check your state's laws before setting up an on-site center

If you're running an ambulatory surgery center in the same location as your office or nearby, then you could be running tremendous compliance and billing risks unless you police the expenses and financial statements of the ASC to keep it separate.

Even if your ASC is a limited-use surgical suite for a single specialty, it's "critical" to be able to separate expenses into two cost centers or revenue centers, says consultant **Gary Matthews** with Physicians HealthCare Advisors in Atlanta. For accounting software, you should probably "go one level more sophisticated than QuickBooks." He recommends software from Peachtree Associates or Great Plains that allows you to create separate cost centers.

This way, you can generate different financial statements as well as the aggregate financials. You can run a general ledger of financial statements that encompasses both the clinic and the ASC. "That's useful because you may want to sell the surgical center, sell part of it, or have a person buy into the practice and not the ASC," Matthews says.

Thus, "It's really important to have what has been the financial history of not only the practice but the ASC," Matthews says. "Most practices are going to have additional physicians join the practice, and depending on the structure they may or may not be able to have surgeons buy in and become owners of the ASC."

Also, if you're benchmarking your productivity versus other practices, it's valuable to be able to isolate your clinic's results so you can compare apples to apples in looking at other clinics.

There are two main kinds of ASCs, according to Matthews:

- 1) a freestanding center for multiple specialties
- 2) a limited-use surgical suite, which is an extension of one practice, such as an ENT, urologist or orthopedic surgery practice.

There's a big difference between a freestanding ASC and an office-based surgery center that only serves one practice, says **Caryl Serbin**, president of Surgical Consultants of America in Fort Myers, Fla. Only a few states allow an ASC and a physician practice to share space. But in either case, there isn't a whole lot that the ASC and the office can share from a legal or regulatory standpoint, Serbin adds. Before you do anything else, check what your state's regulations and local Medicare carrier allow, Serbin says.