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## BLUE CHIP SURGICAL EMPOWERING PHYSICIAN-OWNED, PHYSICIAN-LED SURGERY CENTERS

### Blue Chip Surgical's Partnership Model is Supported by Findings of Univ. of MN Study

**B**lue Chip Surgical Center Partners—a surgery center development and management company—collaborates with physicians to create specialty focused ambulatory surgery centers. Surgeons own the majority share (80%); as an equity partner (20%), Blue Chip works closely with surgeon partners to ensure quality operations of the centers.

Findings from a recent University of Minnesota Study highlight the positive impact of physician-ownership and note that such management models “. . . are expanding throughout the country in response to reimbursement pressures and movement of care into the ambulatory setting. These partnerships can be successful where there is sufficient alignment of interests to offset the operational and regulatory complexities that such partnerships present.”

Dr. Richard Roski, M.D., F.A.C.S., Chief Medical Officer for Blue Chip Surgical, describes the physician-owned model as the “ideal future and what neurosurgeons should be doing right now.”

Dr. Roski says, “Blue Chip is a true partner in the surgery center. We are not consultants with no skin in the game—our interests are aligned with the physicians. We aim to help physicians create well-run, safe, and profitable facilities.”

Dr. Roski explains that Blue Chip Surgical is looking for neurosurgeons who desire to be in-charge and take control, as well as physicians who share Blue Chip's focus on quality patient care.

Blue Chip Surgical also partners with hospitals. Dr. Roski calls this an innovative recruitment tool for hospitals struggling to recruit neurosurgeons. For example, Iowa's Certificate of Need (CON) regulatory program makes it challenging to get neurosurgeons to work in Iowa. Partnering with Blue Chip Surgical, hospitals could investigate establishing a joint venture surgery center to make it more attractive for neurosurgeons to work in the state.



*Dr. Richard Roski, M.D., F.A.C.S., Chief Medical Officer for Blue Chip Surgical*

### Tapping into the Spine Market

One of Blue Chips' niches is spine surgery centers, with primarily neurosurgeons performing outpatient procedures. Blue Chip's dedication to quality care and superior management support is demonstrated by the company's commitment to developing a limited number of spine surgery centers each year.

Dr. Roski notes, “This market offers great opportunity for neurosurgeons because many are not currently providing outpatient treatment. With as little as 400 patients per year and Blue Chip's contracting expertise, a neurosurgeon-owned facility can yield both quality patient care and favorable profit margins.”

“The concept of bringing together a center of quality, a center of excellence not mired down by an administrative bureaucracy,” prompted John R. Caruso, M.D., F.A.C.S., and his partners to open the Parkway Neuroscience & Spine Institute ([www.neurosurgical.org](http://www.neurosurgical.org)), a comprehensive spine treatment center offering a full range of state of the art, spinal care from diagnosis to treatment. Parkway's staff—

Board Certified Neurosurgeons, Physiatrists, Neurologists, Pain Specialists, Chiropractors and Physical Therapists—are all trained in the latest techniques.

### Blue Chip Surgical Partnership Model

Dr. Caruso praised the flexibility provided by Blue Chip, noting their partnership model allowed Parkway's physician owners to "keep control of the business" and to efficiently "get control of the outlay of healthcare costs."

Prior to establishing a partnership, Blue Chip works closely with physicians/hospitals to conduct a thorough market analysis—assessing market strength and risk for both the potential physician-owners and the company.

This analysis is one of the many ways that Blue Chip Surgical ensures "sufficient alignment of interests" required to produce a successful surgery center and synergistic partnership.

Dr. Roski points out, "As an equity partner, we have the same objectives as any good physician. Blue Chip also has money on the table and our reputation as well—and we plan to be around for a long time."

Leveraging lessons learned on a national level, Blue Chip Surgical offers expertise in every aspect of developing and managing surgery centers. The Blue Chip model includes support for getting the surgery center up and running smoothly. Blue Chip ensures all correct policies are in place, contracts are negotiated objectively, and the right people are hired and doing their job right. Blue Chip experts assist with facilities management, human resources, contracting functions, reimbursements, and daily operations.

### Help with Reimbursement Challenges

Blue Chip specialists share their prowess navigating the health insurance reimbursement process—helping surgeons to build relationships with health plans,

contract with payers more effectively, and implement best practices in surgical center operations.


For example, though there is currently no Medicare fee schedule for outpatient spine surgery, Blue Chip insurance experts talk with insurance companies, discuss the advantages of outpatient surgeries, and negotiate with payers.

### Harnessing Blue Chip Expertise

Blue Chip Surgical Partners is composed of experienced, talented individuals—with a passion for building successful physician-led businesses and developing focused, multi-specialty ambulatory surgical centers.

Dr. Caruso explained that Parkway's physician owners enjoyed and liked the freshness of Blue Chip's approach, as well as their dedicated team and coverage of different operational aspects including the insurance side, credentialing, and legal issues.

Blue Chip currently has national partnerships with specialties such as Neurosurgery, ENT, Orthopaedics, General Surgery, Pain, GI, and Ophthalmology. Ear, nose, throat and spine are often central or core specialties in each Blue Chip Surgical project.

Blue Chip also partners with both doctors and hospitals on the development and management of radiosurgery centers. These centers offer another avenue for investment for neurosurgeons. 

### To Learn More

For more information contact Richard Roski at [rroskimd@bluechipsurgical.com](mailto:rroskimd@bluechipsurgical.com), call 1-513-561-8900, or visit the company's Web site at [www.bluechipsurgical.com](http://www.bluechipsurgical.com).

### Reference:

1. Thompson RC Jr, Bishop JR. Spine. 2007 May 15;32(11 Suppl):S27-32.

## Blue Chip Surgical Partnership Model

- **Introductions.** Blue Chip meets with an individual or group that could be a viable surgery center and reviews the Blue Chip approach—local surgeons own majority share (80%); the Blue Chip Surgical partnership (20%) provides management support.
- **Letter of intent.** If both parties are in agreement, a 180-day letter of intent is signed. To formalize the partnership, both sides put down earnest money (80% doctor, 20% Blue Chip). These dollars are earmarked to pay lawyer fees incurred by the physician-owners for review of contract documents.
- **Business plan development.** Blue Chip gathers data about current and potential patient caseload, conducts a market analysis, creates a business plan, and prepares legal documents.
- **Business plan review.** If the market analysis deems the surgery center to be a viable opportunity, lawyers for the physicians review the business plan and legal documents, including establishment of a Limited Liability Corporation (LLC).
- **Turnkey operations.** During the startup period, Blue Chip Surgical serves as a managing partner (with a 6% management fee of net collections)—providing expertise in getting the facility built, purchasing equipment, hiring managers and staff, and addressing contracting issues regarding outpatient spine surgeries.
- **Ongoing support.** Blue Chip gives physicians the support and resources (facilities management, HR, contracts, reimbursement, and daily operations) required to efficiently and effectively provide patient care—and grow ancillary income.
- **Later years.** Blue Chip slowly reduces their managing partnership role (and management fee decreases to 3% in later years).