What works to reward the ASC’s staff?

With reimbursement for ambulatory surgery centers (ASCs) becoming tighter, the need to run an efficient and productive facility has never been greater. ASCs can hope that staff will recognize the highly competitive times and step up efforts to help improve the performance of the center and keep it profitable without sacrificing quality.

But sometimes a simple pep talk is not enough—which is why some ASCs have turned to staff bonus plans to help reinforce the staff’s motivation.

“It is a morale booster—it makes employees feel like they’re a part of the whole and not just a cog in the wheel,” says Dawn Q. McLane, RN, MSA, CASC, CNOR, chief development officer for Nikitis Resource Group, an ASC development and management company based in Broomfield, Colorado. “I think employees see it as something the physicians are doing personally as a way of thanking them for their work.”

A bonus plan can yield potential short- and long-term benefits, but to realize these requires careful planning. Even then, a bonus plan can have an opposite effect of what is intended.

Plan encourages initiative

The Outpatient Surgical Center of Ponca City, Oklahoma, has seen productivity and financial benefits as a result of the staff bonus plan initiated in 2005.

“We introduced it when we needed to emphasize everybody being involved and participating,” says Steffi Cowan, RN, operations manager for the center, who developed the plan based on another ASC’s plan she read about.

The plan bases most of the bonus money on points individual staff member earn throughout the year. Employees can earn points by reaching goals such as perfect attendance or completing tasks such as achieving certification, attending a seminar related to a staff member’s job description, or participating in a group community service or public relations project representing the center.

Employees propose projects

Employees are also encouraged to propose their own projects for points. One employee redid the material safety data sheets (MSDS) notebook. A nurse became certified to teach cardiopulmonary resuscitation (CPR) and is working to receive her advanced cardiac life support (ACLS) training certificate, so now she serves as a staff educator. Another employee is typing all of the physician preference cards and ensuring they are current and readable.

“It makes people think about what they might be able to do to improve things and to look at problem solving in a more positive way,” Cowan says. “I have them come to me all the time with ideas. I can’t think of a single quality improvement, employee training, or patient education idea that hasn’t been successful.”

The ASC turned to the bonus plan when it wasn’t in a financial position to give raises on top of cost-of-living increases and promotions. By offering the opportunity to earn bonuses instead, the center didn’t have to plan for an increase in salary, with a prospect of another increase the following year.

“Everyone knew we weren’t in a place to be giving raises the year we initiated this, and the opportunity to earn a bonus was something they really liked,” Cowan says. “It also helps offset the fact that we don’t pay as high an hourly wage as the
local hospitals. The bonus plan gives the staff a chance to be recognized for their efforts and to feel appreciated for the value they bring to the surgery center.”

**Staff education crucial**

Once you commit to offering a bonus plan, you need to consider the expectations your staff may associate with bonuses. This is especially important for plans that distribute the bonuses from an unpredictable pool of money rather than a percentage of salary. If the pool declines from one period to the next, or if staff members perceive a bonus pool as too small, employees may be disappointed rather than uplifted, says McLane, who has implemented and overseen several bonus plans.

The administrator must keep the staff informed about the ASC’s financial status.

“If you’re sharing financial data with them, and if they know you’re not having as good a year as last year, and they know why, they’re not going to expect as much in their bonus,” McLane says.

Sharing financial information with staff members helps keep their expectations realistic and can also serve as motivation.

“That’s when they buy into the goals of the center and say, ‘We can make this better,’” McLane says. “But they have to have the [financial] information for them to feel like it’s important to do the extra work.”

**Quarterly bonus more immediate reward**

The Boulder (Colorado) Surgery Center has seen a positive effect from quarterly bonuses. Money for its bonus plan comes from up to 2.5% of the quarterly distribution made to the ASC’s shareholders.

“This incentive program has created great awareness among personnel in understanding how complex the issues are and, if nothing else, it provides ownership” in the center, says Jean Day, director of clinical operations for Pinnacle III, an ASC development company based in Fort Collins, Colorado. In this role, Day serves as the director of Boulder Surgery Center and developed its bonus program in 2006.

Similar to the Outpatient Surgery Center of Ponca City, Day compiles a list of goals for the staff to achieve during each quarter based on tasks she believes the staff can, should, and must complete. But unlike the Ponca City Center, staff work together to earn the bonus. Each goal is assigned to individual staff members (such as overseeing a fire drill), a few staff members (such as reduction of the inventory of a particular device), or larger groups (such as completing the Joint Commission’s periodic performance review). These staff members are responsible for achieving the goal.

The percentage of success in completing these tasks is the percentage of the bonus pool that becomes available for the staff members.

Day chose to make the bonus program quarterly because she feels short-term goals offer the greatest opportunity for achievement. For example, staff members worked in the fourth quarter of 2007 to reduce Boulder’s suture inventory by 25 different sutures, yielding about $2,000 in cost savings. If they had to wait until December 2008 to receive the bonus associated with the work, Day fears recognition of their efforts would have been lost.

“I think they would lose that association of, ‘Gee whiz, I really worked hard on that, but now I have to wait,’” she says.

Day has worked to make sure the program does not allow staff to feel the bonuses are an entitlement. One tactic is not to give bonuses around the December holidays.

“I’m against December distributions because it looks like a gift,” she says.

McLane agrees. Once staff members start to associate the bonus with a gift, they come to expect it every year and may even anticipate—and possibly personally budget for—a certain amount, she says.

**Bonus can help retention**

The staff bonus plan at Tucson (Arizona) Orthopaedic Surgery Center takes a different approach. In its plan, the entire staff is challenged to meet criteria throughout the year as a team. These criteria have included meeting targets for:

- clinical hours per case
- total hours per case
• how many days bills stay in accounts receivable
• patient satisfaction.

Bonus money comes from a pool budgeted at the beginning of each year, and the percentage distributed to staff members corresponds to the percentage of satisfactory meeting of the criteria. The program was started in 2006 to reward and motivate staff members.

“We think the center has been successful, and the success is attributable a great deal to the staff’s performance, so it’s just a way of sharing with the employees the financial and operational successes of the surgery center,” says Stuart Katz, FACHE, CASC, the executive director. “Employees look forward to it—they do a very good job. It probably helps with retention more than anything else.”

Using these criteria has served the ASC well. By emphasizing the throughput of patients and turnover of rooms, which are both under staff control, he says improvement has made it easier for physicians to perform cases.

“The physicians can then do more procedures, which is important to the patient population because they can have their surgeries done in a timelier fashion,” he says.

It is also important to the physicians. Katz has seen a physician-owner of another ASC avoid going to that center because the staff was struggling with some of the criteria included in Tucson Orthopaedic’s bonus plan.

“The turnover times were terrible, the delays were extended, and the [local] hospital offered an alternative for a busy physician, so he opted to take his cases there,” he says.

An approach to avoid

Because staff bonus plans are a potentially effective method of improving an ASC’s efficiency and profitability, it may seem like a good idea to consider tying a percentage of staff salaries to the ASC’s overall financial success.

But this is exactly the type of plan you should avoid, says Susan Kizirian, RN, MBA, chief operating officer for Ambulatory Surgical Centers of America (ASCOA), an ASC management company based in Hanover, Massachusetts.

Kizirian implemented such a program at an ASC in the late 1990s prior to joining ASCOA. The program revolved around “saving money and making money,” attempting to show the staff how their contributions resulted in strengthening the success of the organization. Expenses such as supply and service costs were reviewed, as were the types of services and cases performed and the compensation compared to the cost to perform the case. The monthly bonus was tied directly to their contributions.

“But they really can’t control the bottom line,” Kizirian says. “They’re in control of segments of various tasks that operationally are interlaced to achieve a higher level of performance.”

She found the program frustrated the staff because only so many changes could be implemented, and they could not see the connection between their efforts and the organization’s financial ups and downs.

“In the marketplaces we hire them from, they have not experienced this style of compensation,” Kizirian says. “They are accustomed to a guaranteed salary with annual raises.”

She says a bonus program can work—if it’s reserved for the ASC’s primary leader—the administrator. Kizirian sees strong leadership by the administrator as the “driving force” behind an ASC’s success.

“In the systems where I see a bonus paid monthly, you see high quality, excellent performance, and you see loyalty and longevity from the administrator to the center,” she says. “Administrators can tolerate the risk of tying financial and organizational performance to their compensation.”

While some ASCs give bonuses as a percentage of salary for administrators, Kizirian suggests basing the amount on a percentage of cash receipts plus other quality and performance indicators.

“If they’re tied to that, then that’s what they focus on,” she says. “If they’re tied
to a percentage of salary, it’s meaningful as an annual goal but less motivating.”

**Don’t make promises you can’t keep**

If you’re considering offering any type of staff bonus plan, McLane has one final piece of advice: Do not talk about it until you are ready to implement the plan.

“Never talk about it to staff before you talk to the physicians,” she says. “Never say to the staff, ‘I’m going to try to get you a bonus,’ or promise them something that you haven’t gotten approved yet.”

When you talk to the physicians about your interest in offering staff bonuses, McLane suggests outlining your ideas for the program in advance.

“Know what you’d like to give to the staff, what you think is fair, and what’s reasonable to ask the physicians to give back to the staff,” she says. ☣

—Rob Kurtz

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