Attendees at the 2010 OR Business Management Conference in San Francisco May 12 to 14 got a snapshot of challenges facing ORs, ranging from the OR of the future to the effects of new health care law. Networking supplemented the presentations and gave attendees the opportunity to exchange ideas and strategies.

Some 211 OR directors, OR business managers, materials managers, and others interested in the business side of surgery chose among 3 all-day seminars, attended 12 breakout sessions, and talked with exhibitors. The conference played to strong evaluations, with 94% of attendees rating the meeting as excellent or very good.

Change is in the air

In his keynote address, Fred Bentley, MPP, MPH, practice manager, strategic research, at The Advisory Board, Washington, DC, discussed the evolution of the surgical suite, including building the flexible OR suite, the inpatient-outpatient mix, endovascular convergence, and ORs of the “not-so-distant” future.

Creating an effective OR suite is more important than ever, given that sources of capital funding are stable or shrinking.

“The margins we are enjoying now, which are razor thin, are going to get even thinner,” said Bentley. Yet, those margins will be key in financing growth. He added that leaders are “starting to right size our expectations.” This includes balancing comfort and efficiency in an OR with an average size of 600 to 650 square feet, which he called the “sweet spot.”

Bentley noted that the big outmigration of procedures from inpatient to outpatient has already occurred, but “we will see a steady trickle” of procedures moving out of the hospital. In 2017, 63% of procedures are expected to be outpatient compared to 59% in 2007.

Endovascular convergence

The endovascular convergence transforming many specialties affects hospitals’ finances, Bentley said, because open surgical approaches are more profitable. Convergence is also creating consolidation of departments and specialties. For example, the US now has 80 to 90 endovascular neurosurgeons.

“The ultimate form of convergence is the hybrid OR,” Bentley said, as collaboration between surgeons and interventionists increases. A logical conclusion may be the “multipurpose proceduralist” as surgeons learn more interventional techniques.

In the near future, baby boomers will require more procedures, but many will be nonsurgical interventions outside the OR. “Surgeons will no longer be rock stars,” Bentley commented.
But at the same time, some innovations such as the bioengineered bladder, total artificial heart, and gastric bypass procedures for those with diabetes will move patients back into the OR.

In either case, Bentley said payors will push more financial risk to providers as they move to bundled payments that cover the period from surgery through 30 days after discharge.

In the distant future, Bentley predicted we might see an OR with no people, as robotic functions advance.

“This is not a pie in the sky development,” he noted, adding that the military takes particular interest in this area.

**Patient safety gets a report card**

Patient safety expert Robert M. Wachter, MD, professor and associate chairman in the Department of Medicine and chief of the Division of Hospital Medicine, University of California, San Francisco, and chief of the medical service, UCSF Medical Center, expanded on grades he gave the progress of patient safety in his article “Patient Safety At Ten: Unmistakable Progress, Troubling Gaps,” in the January 2010 *Health Affairs*.

“We’ve done a lot in the last 10 years, but we need to do more,” Dr Wachter said. He focused on regulations, reporting systems, clinical IT, and balancing “no blame” and accountability.

Dr Wachter noted that the regulations movement (B+) is “running out of gas.” People now understand regulations are a “blunt tool” because one size doesn’t fit all, it’s hard to regulate culture, and policies aren’t always thought through before implementation.

Public reporting systems (B+) “have been transformative for hospitals,” Dr Wachter said, adding that the source of the transformation isn’t from consumerism but from people taking pride in their organizations. He gives clinical IT only a C+, noting, “It’s jarring when I look at my iPhone then look at technology in health care.”

**Re-examining ‘no blame’**

Dr Wachter praised the “no blame” for errors movement because in most cases, it’s the systems that need to be improved. But he only gives a C+ to the balance between no blame and accountability. “How to balance accountability is the cutting-edge topic in the safety field,” he said.

Hand hygiene is an example. Many organizations are stuck at compliance rates of 40% to 70% yet are still working on their systems. With education and hand hygiene dispensers every 3 feet, Dr Wachter said, “It’s not a systems problem, it’s an accountability problem.”

Dr Wachter’s overall grade for patient safety over the past 10 years is B-.

“I wouldn’t have guessed we (would) have achieved as much as we have, and we should be proud of that,” he said. “But we have plenty of room to go.”

**Health care reform and the OR**

“The time for debate is over,” said Jeffry Peters, president of Surgical Directions, LLC, Chicago, who added that no matter how people felt about the health care reform bill passed in March 2010, it is now law.

What can ORs expect? Peters says reform will increase costs and boost the demand for surgery, as more patients receive health care because they
can’t be denied coverage due to preexisting conditions. Payments will be cut for all except primary care practitioners.

There has been “a dramatic ratcheting down of reimbursement for outpatient procedures,” he said, which could reach 50% by 2014. By 2014, there will be, “a fairly significant rise in surgery, but reimbursement won’t be paying full cost.”

**Hospitals squeezed**

“Our customers, the surgeons, are really under pressure,” said Peters. Overhead costs are rising, but the ability of surgeons to make money through ancillary services such as providing imaging services is decreasing, “so they are angry.”

“Hospitals are squeezed now and will continue to be squeezed,” said Peters, who recommends developing excellent service lines, benchmarking by surgeon, and constantly innovating.

ORs that expect to prosper, he said, will need enthusiastic physician leadership, inspirational nursing leadership, staff engagement, a strong sales force for their services, strong business management, and a focus on quality.

—Cynthia Saver, RN, MS

*Cynthia Saver is a freelance writer in Columbia, Maryland.*
In 2011, the OR Business Management Conference will be combined with the Managing Today’s OR Suite conference, September 28 to 30, at the Hyatt Regency Chicago.

The decision to combine the conferences was made following the OR Business Management Conference in San Francisco in May.

Because of the economic environment, health care facilities are continuing to reduce educational funding and to restrict travel. In the 2010 OR Manager Salary/Career Survey, 79% of respondents report their facility has limited funding for educational events and conferences. Of those, 66% have reduced funding, 24% have eliminated funding, and 28% have banned travel.

As a result, attendance at the OR Business Management Conference has declined in the past 2 years, making it difficult to present a high quality conference with multiple speakers.

Participants at the San Francisco conference were asked for input before the decision to combine the conferences was made. Although some regretted the loss of the separate conference on business and financial aspects of the OR, most supported combining the conferences in light of the economy.

According to OR Manager President Ellie Schrader, the combined conference will have the advantages of a more robust educational program and a much larger exhibit as well as the opportunity for clinical directors and business managers to attend the same conference.

**Track for business managers**

“We will give the business managers and others involved in the financial management of the OR high visibility with a special track of preconference seminars and breakouts,” she says. To facilitate networking, business managers will have color-coded badges so they can identify each other. There also will be a special networking session for business managers.

“We recognize many have valued the OR Business Management Conferences, but times change, and we believe this is a positive way to respond to current circumstances.”