Ambulatory surgery centers (ASCs) employ a variety of bonus and profit-sharing strategies to retain and reward staff. Many centers award bonuses based on a percentage of net profits. Some ASCs require the center to hit financial targets for a profit-sharing payout. Others give bonuses if employees meet a percentage of the centers’ strategic objectives and performance indicators, such as patient and physician satisfaction and staff hours per case. At least one center gives employees the option to pour profits into their 401(k), and another splits a percentage of profits simply for a job well done.

Regardless of the way the profit-sharing pie is cut, ASC directors say bonus plans ultimately save money because the staff works harder and smarter to get them.

“When a bonus is based on net profits, staff work together to help the center achieve its financial goals,” says Debra Stinchcomb, RN, BSN, CASC, chair, Foundation for Ambulatory Surgery in America, and director of surgical services for Progressive Surgical Solutions, an ASC development company. “Basing bonuses on performance makes the center’s success the employee’s success.”

‘Most important benefit’

Laura Murphy, RN, BSN, MHA, CASC, director of operations at the Evansville Surgery Center in Evansville, Ind, says her center’s employee incentive plan is the single most important benefit offered employees—more than health insurance, 401(k), or vacation benefits.

“You could eliminate any other benefit except the incentive plan, and I believe our staff would still be satisfied,” she says. “Our employees work hard to get their bonuses, and they look forward to it every year.”

Evansville Surgery Center has offered a financial incentive plan since it opened 24 years ago. The center bases the bonuses on:

- expense per case
- patient satisfaction
- physician satisfaction
- gross revenues
- operating margins.

Staff receive a bonus based on the first 3 performance indicators because they can control their outcome, Murphy says. Management receives a bonus based on these as well as other operational and financial indicators. Staff is informed through the year on the center’s progress in meeting indicators. A white board in the meeting room charts the numbers.

Because they see their part in meeting financial goals, staff have an excellent grasp of financial terms and concepts, Murphy says. “If revenues are down, they want to know about profit margins and contractuals and what they can do to hit our targets.”

Stinchcomb adds that ASCs are a model for the appropriate sharing of proprietary financial information with employees to empower them to work for the company’s success.

Staff receive shares

At the end of the year, the board of directors at Evansville Surgery Centers
decides on a percentage of profits to be split. Although the bonuses are not guaranteed, the board has given them every year.

The average bonus has been a 4% split of net profits. The center divides the net profit by shares. Full-time staff receive 4 shares; staff that works three-fourths time get 3 shares; part-time staff get 2 shares; and per diem staff receive 1 share.

Murphy says in the past, the incentive payout was based on the employee’s rate of pay. This policy was changed to emphasize teamwork and the contribution of each member of the team.

Bonus pay day is on Groundhog Day in February. The center throws a party and buys everyone Groundhog Day T-shirts.

Murphy says in 2007 staff will receive only about 2.5% of profits, compared to the 4% average, but because of centerwide cost-cutting measures and increased profits, the actual dollar amount should be about equal to prior years.

### Bonus Incentive Indicators: 3rd quarter 2006

<table>
<thead>
<tr>
<th>Goal</th>
<th>50%</th>
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</thead>
<tbody>
<tr>
<td>Provide excellent customer service</td>
<td>50%</td>
</tr>
<tr>
<td>Patient satisfaction: Must be at least 95%; however, “Courteous Staff” must be 99%</td>
<td>95%</td>
</tr>
<tr>
<td>Physician satisfaction: Must be at least 95%; however, “Staff willingness to help” must be 99%</td>
<td>95%</td>
</tr>
<tr>
<td>Maintain current turnover time</td>
<td>Posted for each area</td>
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<tr>
<th>50%</th>
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</thead>
<tbody>
<tr>
<td>Maintain financial strength</td>
</tr>
<tr>
<td>Case costing &amp; inventory accuracy:</td>
</tr>
<tr>
<td>At the end of the quarter, the selected item will be reviewed for accuracy (AdvantX inventory module compared to physical count must be within 10% of each other)</td>
</tr>
<tr>
<td>Man-hours per case must be kept under the benchmark (12 hr/case)</td>
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<tr>
<td>Medical supplies per case must not be greater than $30 above the FASA benchmark ($160) for the quarter</td>
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<tr>
<th>100%</th>
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<tr>
<td>Enjoy and improve where you work</td>
</tr>
<tr>
<td>Performance (attitude/behavior): Must always be met to receive any bonus amount at the end of a quarter</td>
</tr>
</tbody>
</table>

Note: All staff must meet performance indicator goals to receive the quarterly bonus payout. Any employee who receives disciplinary action for poor attitude or behavior in that quarter does not receive a bonus.

Source: Harmony Ambulatory Surgery Center, Fort Collins, Colo.
“The bonus gives staff psychological ownership of the center,” Murphy says. “It is a great motivator for staff to keep costs down. They care for our surgical instruments like the dishes in their own kitchen.”

Owners not renters

Bonus requirements are similar at Harmony Ambulatory Surgery Center in Fort Collins, Colo. For everyone, including management, to receive a quarterly 5% split of net profits, staff must meet bonus incentive indicators, says administrator Rebecca Craig, RN, BA, CNOR, CASC.

“One bad apple affects everybody’s bonus, including mine,” Craig says.

The bonus incentive indicators are based on the center’s strategic objectives (table). Individuals automatically become ineligible for bonus consideration if they are written up for negative behavior.

The center implemented the bonus program in 2001 after 1 year of operation. The goal was to motivate staff to reduce staff hours per case, Craig says. With the bonus, full-time employees can be sent home on a slow day, but their wages are recouped with the quarterly bonus, Craig says.

The bonuses also keep the center competitive with higher hospital wages. “Hospitals in this area have left us in the dust with wages, but we have stayed competitive with them because we offer the quarterly bonus, plus no weekend, holiday, or call hours,” Craig says.

Harmony ASC is 51% hospital owned. Craig says hospital board members were concerned at first that the bonus would become an entitlement—employees would expect it even if volume decreased. They also feared the bonus program would be a disincentive if employees didn’t receive a quarterly payout. Craig says that hasn’t been the case because the bonuses have encouraged employees to think and work as if they are the center’s investors.

“They view themselves as owners, not renters,” Craig says. “They are very aware of our financial status, and they know it behooves them for our center to be busy. Just like an investor, they want to know if it really is necessary to spend $50,000 on a new OR table.”

Craig says her center’s profit-sharing system requires more time from managers to review 85 employee records quarterly to ensure compliance.

Appealing to mature employees

El Camino Surgery Center in Mountain View, Calif, uses its bonus plan to boost 401(k) contributions. Executive director Lisa Cooper, RN, BSN, BA, CNOR, explains that 5% of profits is set aside in a profit-sharing bucket every month. At the end of the year, staff who participate in the surgery center’s 401(k) plan receive either 3% of their salary or 50% of what they contributed toward their 401(k) that year, whichever is less. An employee who has worked 5 years or more at the center can receive a 100% match to the 401(k) contributions.

“It can be a significant amount, especially for those putting a lot into their 401(k),” Cooper says.

The center’s bonus plan appeals to mature employees.

“More sophisticated employees with a 401(k) mindset appreciate the program, and that’s the kind of long-term employee we want to attract and keep,” Cooper says. “Employees who want an immediate gain are often the ones who jump from center to center.”

After the 401(k) distribution, employees who have worked at the center at least 6 months and who are not enrolled in the 401(k) split the remainder according to hours worked.

One year in El Camino’s 15-year history, the center chose to give all qualifying staff a cash distribution at the end of the year instead of the 401(k) deposit.

“It was a challenging year for recruitment. A cash payout helped us that one year when we needed to provide immediate satisfaction to fill positions,” Cooper says.

She recommends that centers devising a bonus or profit-sharing incentive program include language in the governing board’s operating agreement that gives the center flexibility to change the way profits are distributed.
More for superstars

John Mazoros, managing partner of Fremont Surgery Center in Fremont, Calif, uses his center’s average 3% bonus to compete with hospitals for top talent.

“In our region, hospitals are paying high salaries for OR and GI nurses,” Mazoros says. “We raise our hourly pay to $44, and the hospital raises theirs to $48. It’s a very tough market.”

His center pays staff a biannual bonus that Mazoros determines on an individual basis.

“Employees are fully aware that bonuses are subjective,” he says.

Most staff average a prorated split of 3% of profits. However, Fremont’s superstars, such as the center’s business office marvel, can get up to 9% of the biannual bonus pot, Mazoros says.

Reward for hard work

The Naugatuck Valley Surgical Center in Waterbury, Conn, rewards staff with an equal bonus across the board. At the annual holiday party, staff receive between 1% and 5% of net profits, depending on the year, prorated by number of hours worked.

“I don’t believe you can reward one individual over another when caring for patients is such a team effort,” says executive director Betty Bozzuto, RN, MBA, CASC.

With almost zero turnover, the center does not believe its end-of-year bonus is paramount in retaining staff, although staff do appreciate the money, Bozzuto says.

“We give the bonus purely to recognize their hard work,” Bozzuto says. “We have a 99% to 100% patient and physician satisfaction rate, and that’s a total reflection of my staff going the extra mile.

“They know that the better they work, the harder they work, and the more money they save the center, the greater their bonus will be.”

—Leslie Flowers

Leslie Flowers is a freelance writer in Indianapolis.