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## Learning Objectives

-   
**1.**  
**MASTER**  
working in Excel  
to create a  
5 Year Budget
-   
**2.**  
**FORECAST**  
supply costs per case  
with increased  
inflation costs
-   
**3.**  
**PROJECT**  
future staffing costs  
based on projected  
volume and increased  
labor costs

PROGRESSIVE  
SURGICAL SOLUTIONS  
A DIVISION OF BSM CONSULTING

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# What I will show you today



Budgeting Tool  
*available on eSupport*



Live Excel Demo 

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## Did you know?

ASCs are *required*  
to have a budget?

- ✓ Implies fiscal control and responsibility
- ✓ **Best Practice:** compare budget to actual on quarterly and annual basis

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# Budgeting Principles

- In a new ASC, the budgeting process is referred to as a “pro forma”
- Expectation of cost and revenue assuming certain variables
- Budget is based on historical data and projected changes
- Process can start as early as September for the following year
- Consists of forecasted revenue (projected growth), operating expense + capital items

# Budgeting Tool | available on eSUPPORT

*Before you begin...*

## Gather your data:

- ✓ Estimated average facility fees for all payers
- ✓ Forecast of case volume by specialty
- ✓ Estimated operating supply cost per specialty
- ✓ Staffing assumptions including hours worked and rate of pay
- ✓ Estimated operating expenses

My Surgery Center, LLC.  
5 Year Forecast  
DATE: 3/22/2023

INCOME STATEMENT	YEAR 1	% of Rev	YEAR 2	% of Rev	YEAR 3	% of Rev	YEAR 4	% of Rev	YEAR 5	% of Rev
<b>OPERATING REVENUE (1)</b>										
General Surgery	\$1,109,000	15.0%	\$1,142,888	15.0%	\$1,177,175	15.0%	\$1,212,460	15.0%	\$1,248,800	15.0%
Colon Surgery	\$208,994	4.4%	\$208,731	4.4%	\$208,523	4.4%	\$207,728	4.4%	\$208,700	4.4%
Gyn/Surgery	\$49,027	4.7%	\$38,498	4.7%	\$37,283	4.7%	\$38,341	4.7%	\$39,022	4.7%
Ophthalmology	\$1,652,982	21.7%	\$1,652,124	21.7%	\$1,659,628	21.7%	\$1,729,618	21.7%	\$1,852,000	21.7%
Otolaryngology	\$2,439,072	31.1%	\$2,532,244	31.1%	\$2,587,811	31.1%	\$2,660,240	31.1%	\$2,743,998	31.1%
Orthopedics	\$895,182	12.1%	\$921,660	12.1%	\$948,660	12.1%	\$976,128	12.1%	\$1,004,000	12.1%
Pain Management	\$0	0.0%	\$0	0.0%	\$0	0.0%	\$0	0.0%	\$0	0.0%
Plastic Surgery	\$16,000	0.2%	\$16,000	0.2%	\$17,000	0.2%	\$17,000	0.2%	\$18,000	0.2%
Urology	\$408,070	5.3%	\$407,823	5.3%	\$408,000	5.3%	\$408,000	5.3%	\$408,000	5.3%
Urology	\$228,436	3.1%	\$225,389	3.1%	\$242,348	3.1%	\$249,618	3.1%	\$258,222	3.1%
<b>TOTAL OPERATING REVENUE</b>	<b>\$7,274,903</b>	<b>100.0%</b>	<b>\$7,296,149</b>	<b>100.0%</b>	<b>\$7,324,025</b>	<b>100.0%</b>	<b>\$7,468,735</b>	<b>100.0%</b>	<b>\$7,299,978</b>	<b>100.0%</b>
<b>OPERATING EXPENSES:</b>										
<b>COST OF GOODS SOLD (COGS)</b>										
Ophthalmology	\$128,268	1.7%	\$136,111	1.9%	\$144,277	1.9%	\$152,812	1.9%	\$161,720	1.9%
General Surgery	44,888	0.6%	48,224	0.6%	50,470	0.6%	52,446	0.7%	55,790	0.7%
Gyn/Surgery	68,422	0.9%	70,478	0.9%	72,046	1.0%	73,498	1.0%	75,226	1.0%
Otolaryngology	444,400	6.0%	457,732	6.0%	490,732	6.4%	529,312	6.8%	560,000	6.7%
Orthopedics	608,000	8.0%	642,188	8.2%	720,000	9.2%	747,222	9.2%	799,000	9.2%
Plastic Surgery	11,288	0.2%	96,818	1.2%	150,000	1.2%	111,102	1.4%	\$1,212,112	1.4%
Pain Management	0	0.0%	0	0.0%	0	0.0%	0	0.0%	\$0	0.0%
Urology	3,200	0.0%	3,200	0.0%	3,300	0.0%	3,312	0.0%	\$3,612	0.0%
Urology	148,200	2.0%	152,646	2.0%	160,000	2.1%	170,312	2.2%	\$167,732	2.2%
Urology	133,200	1.8%	138,666	1.8%	212,204	2.8%	220,110	2.9%	\$244,000	2.9%
<b>TOTAL COST OF GOODS SOLD</b>	<b>\$1,788,800</b>	<b>23.7%</b>	<b>\$1,887,319</b>	<b>23.9%</b>	<b>\$1,968,803</b>	<b>25.2%</b>	<b>\$2,085,365</b>	<b>26.9%</b>	<b>\$2,287,565</b>	<b>28.9%</b>
<b>GROSS PROFIT</b>	<b>\$5,486,103</b>	<b>76.3%</b>	<b>\$5,408,830</b>	<b>76.2%</b>	<b>\$5,355,122</b>	<b>74.8%</b>	<b>\$5,383,370</b>	<b>74.1%</b>	<b>\$5,012,413</b>	<b>73.4%</b>
<b>OPERATING EXPENSES (non pg 2)</b>	<b>\$1,348,341</b>	<b>18.4%</b>	<b>\$1,446,804</b>	<b>18.4%</b>	<b>\$1,674,046</b>	<b>21.2%</b>	<b>\$1,865,828</b>	<b>23.4%</b>	<b>\$1,978,632</b>	<b>25.4%</b>
<b>TOTAL COGS &amp; OPERATING EXPENSES</b>	<b>\$3,137,141</b>	<b>42.1%</b>	<b>\$3,334,123</b>	<b>45.2%</b>	<b>\$3,642,849</b>	<b>48.2%</b>	<b>\$3,951,193</b>	<b>51.3%</b>	<b>\$4,266,197</b>	<b>56.3%</b>
<b>NET INCOME BEFORE TAXES</b>	<b>\$2,348,962</b>	<b>31.1%</b>	<b>\$3,964,716</b>	<b>52.3%</b>	<b>\$3,681,176</b>	<b>48.0%</b>	<b>\$3,432,182</b>	<b>44.0%</b>	<b>\$2,826,281</b>	<b>36.5%</b>

## It Takes a *Team*

- ASC Nurse Leader
- Accounting
- RCM/Biller



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## It Takes *Resources*

- Provider growth
- Staffing impact




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## Benefits of Budgeting


- Display the financial impact of increased wages
- Gain insight on supply costs per case and inflation impact
- ASC team collaboration on profitability of each case mix
- Great time to review annual contracted service agreements
- Establish a plan to go out to bid on contracts about to expire
- Discontinue services no longer needed
- Make sure facility fee schedule is up to date
  - ✓ Review TTP payer contracts as needed
- Set profit and distribution goals for current and future years





### TABS

- ✓ Create **multiple tabs** in the Budget Excel spreadsheet for **backup assumptions** used
- ✓ Include as much detail/data as possible in the same file


  


### NOTES

- ✓ Right click in a field and add **'New Note'**
- ✓ Input detailed assumptions associated with projections


## Excel

### Tips



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<b>Replicate a detailed section of a spreadsheet</b>	“+” then copy data from values already in place
<b>Link data to assumption</b>	“+” then copy number from another tab in the budget document
<b>Freeze Panes</b>	“ <b>View</b> ” menu – Freeze top row and first column to show titles at to the left and top of the data set
<b>Set specific value when copying a formula</b>	Use “\$”
<b>Copy formula</b>	Insert rows, then copy down the formulas in blank rows




## Excel

### Tricks

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# Formulas




FORMULA	FUNCTION	USE
<b>=SUM(A1:A8)</b>	<b>ADDS</b> the values in cells A1 through A8	For totals
<b>=COUNT(A1:A8)</b>	<b>COUNTS</b> the values in cells A1 through A8	To count items <i>e.g. number of staff</i>
<b>=AVERAGE(A1:A8)</b>	Calculates the <b>AVERAGE</b> of values in cells A1 through A8	To obtain an average <i>e.g. nursing staff average pay</i>

KEYBOARD COMMAND	FORMULA FUNCTION
+	ADD
-	SUBTRACT
*	MULTIPLY
/	DIVIDE

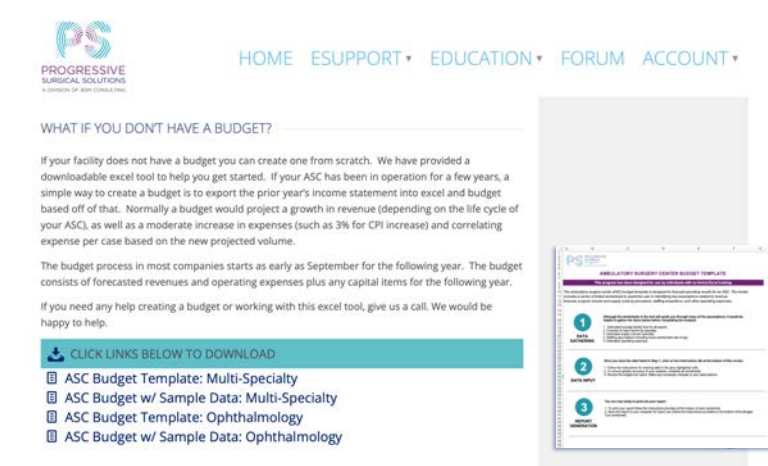
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## Available to Members on eSupport



### eSupport > Business Ops > Budget

- ✓ ASC Budget Template and Sample: Multi-Specialty
- ✓ ASC Budget Template and Sample: Ophthalmology



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## Available to Members on eSupport

**eSupport > Business Ops > Medicare Fee Schedule**

✓ 2023 1<sup>st</sup> Quarter ASC Medicare Fee Schedule

**ASC MEDICARE FEE SCHEDULE**

A number of variables determine your specific Medicare payment rates for procedures on the ASC-payable list. The average rate update highlighted in the proposed and final payment rules (i.e., 2.1% for CY 2019) is an average across all covered procedures; individual procedures may increase or decrease by differing amounts. Specific rates are also adjusted for geographic differences via a local wage index and are subject to an across-the-board 2% reduction (called a sequester) until 2024, as mandated by the *Budget Control Act of 2011*.

PSS has worked to provide this tool that clearly and easily shows your Medicare payment rates for ASC-payable procedures. By selecting your location, the calculator automatically finds your local wage index and calculates the total payment, Medicare payment and beneficiary copayment for each procedure. We will update this tool as new rates are released by CMS, most notably in the summer for the proposed payment rule and in the fall for the final payment rule. New calculators are also posted if CMS provides ad hoc updates to the payment rates at other times. So be sure to check back here periodically to ensure you have the most recent version.

This calculator shows your national and local payment rates for 2023. Simply look up your local wage index from the easy-to-use chart and type it into the calculator and the calculator does the rest.

2023 1st Quarter ASC Medicare Fee Schedule

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## Interested in personal financial coaching?

**ASC FINANCIAL CONSULTING FOR NURSE LEADERS**

**90 Minutes with ASC Financial Expert, Nancy Stephens**

- 30 | Pre-work review
- 30 | Assessment
- 30 | Strategize Solutions

**KEY AREAS OF ASSESSMENT/DISCUSSION**

- Creating or enhancing a financial dashboard
- Tracking on monitoring KPI data
- KPI Healthy ranges based on ASC case mix
- Spotting financial statement trends and areas of concern
- Enhancing Excel skills for KPI tracking and presentation purposes

**\$390**

**DATA/DOCUMENTATION REQUIRED FOR SESSION**

- ✓ 1 to 3 years of income statements
- ✓ Payroll Reports that include payroll hours by reporting month
- ✓ Historical case mix by specialty
- ✓ Supporting data as needed if other financial issues are uncovered

[bit.ly/90-with-Nancy](https://bit.ly/90-with-Nancy)

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# Thank You

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## Questions?

Contact Nancy Stephens  
[nstephens@pss4asc.com](mailto:nstephens@pss4asc.com)



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## Join our **Private Facebook Group**

A place to  
**connect, support,**  
and **network**  
with other ASC managers  
all over the country.



[www.facebook.com/groups/ascmangers](https://www.facebook.com/groups/ascmangers)

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**SOLD OUT...JOIN THE WAITLIST**

**ASC | LEADERSHIP  
NURSE | CONFERENCE**

**APRIL 27-28, 2023 | DALLAS, TX**

**ASCNURSELEADERSHIP.COM**

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## Upcoming Webinars

DATE	🕒	CE	WEBINAR TOPIC	SPEAKER
APR 27 - 28			ASC NURSE LEADERSHIP CONFERENCE   <i>No Webinar</i>	
MAY 22	20		Nursing Scope of Practice	Debra Stinchcomb
JUN 29	60	RN, CASC	USP <797>: What You Need to Know	Tiffany An
JUL 24	20		Managing your ASCs Ancillary Service Contracts	Vanessa Sindell Nancy Stephens
AUG 24	60	RN, CASC	Piecing Together the Talent Puzzle: 6 Truths about Finding and Keeping Talent	Trinet
SEP 25	20		Credentialing Review	Cyndi Krause
OCT 27	60	RN, CASC	ASC Billing 101	Jessica Macias
NOV 27	20		Annual Survey Watch Report 2023	Crissy Benze
DEC 18	60	RN, CASC CAIP	Steam Sterilization	Delores O'Connell

[www.ProgressiveSurgicalSolutions.com/webinars](http://www.ProgressiveSurgicalSolutions.com/webinars)