There’s good news for refurbishing companies looking to expand their business. When it comes to equipment purchases, a growing number of ambulatory surgery centers (ASCs) are giving up on the “new is better” notion and setting their sights instead on used equipment companies that can outfit their practices with quality refurbished items—at a price that won’t break the bank.

Given the growth in the ASC sector, that could spell great opportunities for refurbishers. According to statistics from the Federated Ambulatory Surgery Association (FASA), Alexandria, VA, nearly six million surgeries are performed each year in more than 3,300 ASCs across the country. Procedures performed in these facilities include ophthalmology, gastroenterology, orthopedics, ENT, gynecology and plastic surgery—and as technology progresses, even more procedures are sure to be performed on an outpatient basis.

“ASCs perform high quality healthcare at lower costs compared to hospitals because they maintain lower overhead costs and because they can focus on one thing: treating ambulatory patients efficiently,” noted FASA.

That strengthened position, coupled with the need to offer cutting-edge technology and still remain cost-effective, will open up even more doors for refurbishers, sources told the Medical Dealer magazine.

Physicians look to savings

By and large, physician-owned rather than hospital-owned ASCs are more likely to embrace refurbished equipment. In an attempt to draw more patients and outdo the competition, hospitals will typically concede to spending big money to purchase the latest technology, regardless of price.

Hospitals are also up against physicians who demand the very best. Often under a hospital’s loftier budget, the very best translates into the very latest and the most expensive. Of course, that emphasis softens when physicians—not hospitals—are footing the bill. And for good reason: Certificates of need imposed by states require that centers being built not exceed a set financial cap.

“When ASCs must come under a certain amount, buying new equipment may not even be an option,” explained Jennie Simmons, RN, president of Surgery Center Consultants, Tucker, GA. “As a result, I am seeing more of a gravitation toward remanufactured equipment.”

Simmons isn’t alone in her observation. Refurbishing companies are also noticing an upward trend in the ASC business. Atlanta-based Health Quip, for example, is gaining more business from the surgery center sector, with surgeons interested in virtually every piece of equipment, from O.R. lights, anesthesia machines and monitors—all the way down to kick buckets. Increasingly, physicians are flying in from all over the country to visit Health Quip’s 20,000 square foot facility and see just how far their dollar will stretch.

According to Health Quip partner John Daniel, the company is currently working on eight ASC projects, and often works alongside contractors at the beginning stages of development to help design and outfit the centers according to their own needs and requirements.
“The idea of purchasing only new equipment is losing ground, particularly for physician-owned surgery centers,” Daniel said. “When they’re being built, these centers have a maximum budget. If they buy new, they may only outfit one operating room, whereas if they buy quality refurbished equipment, they may be able to outfit three for the same amount of money. When you can triple your productivity, the decision becomes more obvious.” Daniel noted that Health Quip recently outfitted four surgical suites for a group of 16 physicians. Because of that size, the center performs approximately 250 cases per month.

While physician-owned ASCs generally are more willing to purchase refurbished equipment, that doesn’t mean that hospital-owned centers are only buying new. In fact, sources agreed that in light of dwindling reimbursement, mounting cost constraints and increasing competition from ASCs, more hospitals are looking for ways to save.

“For decades, physicians have been migrating certain diagnostic tests and procedures into their offices, taking case volume and revenues away from hospitals,” the American Association of Ambulatory Surgery Centers, Johnson City, TN, reported. “Freestanding surgery centers are becoming larger and more sophisticated than ever before. Competition is no longer at the fringes, affecting relatively small pieces of the hospital business; it is now going after the core.”

Medrecon, which has specialized in rebuilt surgical tables for more than 30 years, has worked with a number of hospital outpatient surgery centers. Gary Sitcer, President, who has primarily seen an increase in business from local ASCs who have heard of Medrecon via “word of mouth,” reasons that both physician- and hospital-owned centers’ may be more willing to buy rebuilt tables because of the minimal associated risk.

“OR tables are a passive part of the procedure, so many centers are realizing that it just doesn’t make sense to overspend on them, particularly when you can buy a quality, rebuilt table with the same warranties for so much less,” he explained. “No one wants to spend more money if it’s just not necessary.”

Regulations require quality

Although ASCs are certainly growing more interested in refurbished equipment because of its associated savings, that doesn’t mean they are willing to accept anything less than the highest level of quality.

That demand for excellence likely stems from the many standards aimed at the industry, which make ASCs among the most highly regulated healthcare providers in the country. Eighty-five percent of centers are Medicare-certified and 43 states require ASCs to be licensed. These states also specify the criteria that ASCs must meet for licensure, and both states and Medicare conduct regular—and rigorous—surveys to ensure that established standards are being met, FASA notes.

Additionally, many surgery centers choose to undergo voluntary accreditation processes conducted by their peers as a way to further demonstrate their commitment to quality. All accredited ASCs must meet specific standards that are evaluated during onsite inspections. Of course, patient satisfaction is also critical for an ASC’s long-term success and viability. Not only do patients demand cost-effective services, they also expect the centers to use only the safest, highest quality equipment.

“Facilities don’t want to risk their reputation and their business by bringing in poor quality equipment,” added Daniel.
That said, sources stressed the need for checking references before buying refurbished equipment from any company. While Simmons acknowledged the savings that refurbished items can offer facilities, she warned that going that route isn’t always the most cost-effective option.

“You have to take the cost of maintaining and repairing the equipment into consideration, as well as the extra costs that may be added to cover delivery and back-up warranties. Physicians also need to remember that saving money by buying off-brand equipment isn’t always the best way to go,” she said, adding that if scopes break down, for example, cases will have to be cancelled. “Saving money upfront doesn’t mean much if quality and efficiency suffer.”

Sitcer agreed, adding that one of the greatest challenges facing quality refurbishers who wish to capture more ASC business is having to overcome negative experiences that a center may have encountered with an unscrupulous company.

“The big question is how do you get to these potential customers as they are making their decisions, as opposed to after they’ve already been burned?” he asked.

“With the growth in the ASC market, there is real opportunity for us. At the same time, we have to show them that not all [refurbishing] companies are created equal.”