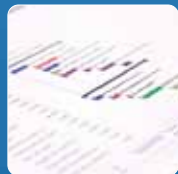


# THE NEW NOMADS: ANESTHESIOLOGISTS MUST RETHINK STRATEGIC PLANNING FOR ADDED REVENUE

DENISE INGRAM AND SABRINA ROBINSON

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PHYSICIAN BILLING — PRACTICE MANAGEMENT

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As anesthesia providers move away from a traditional business model outside of the hospital setting, they must consider how to strategically plan for revenue increase that will impact the survival of their practice as they work with other specialties on in-office procedures. The bond between anesthesiologists and hospitals has been slowly diminishing while more cost efficient outpatient surgery centers become more appealing to patients. It is not a new idea that anesthesiology practices take a nomadic approach and work outside of the hospital, but as it becomes common practice, anesthesiologists must differentiate their business in a competitive field.

The greatest goal of office-based anesthesiology, similar to what it is performed in a hospital setting, is to provide patients with ultimate comfort and lack of awareness and pain during surgery. In addition to the core functions of any business, office-based anesthesiology mirrors other referral-based practices with many considerations pertaining to business and marketing. The benefits of anesthesia have made it extremely popular among office-based groups, including but not limited to, the specialties of endocrinology, nephrology, neurology, gastroenterology (GI) and pain management. Patients prefer more privacy, efficiency, and the familiarity of an office setting paired with lower costs. Surgeons, on the other hand, appreciate the increased convenience and control of performing procedures in their own offices.

For an anesthesiology practice, primarily working within an office-based practice can usually increase flexibility and free time for its anesthesiologists. Challenges and added pressure are still present as anesthesiology groups determine how they should approach this new business model.

## DETERMINING THE BENEFITS

An important aspect for anesthesiologists to consider when entering the office-based market is greater practice management and strategic planning – specifically with a SWOT analysis to analyze the practice's current strengths, weaknesses, opportunities and threats, as well as strategic goals and tactics that realistically set the pace for the practice.

Similar to a hospital setting, anesthesiologists should view their relationships with office-based groups as partnerships where they can enhance the surgeons'/physicians' level and quality of service in the office setting. The anesthesiology practice should for every procedure dispatch an anesthesiologist and certified registered nurse assistant (CRNA). It is important that anesthesiology practices be aware that most office-based practices today desire an independent, accredited outpatient anesthesia practice.

An anesthesiology group can bring several benefits to office-based practices and should possess the ability to communicate what those benefits are:

- **Enhanced customer service:** Because anesthesiologists are accustomed to working in the hospital or facility setting, they are tuned in to patient concerns. Therefore, physicians desire that anesthesiologists work closely their patients, making them feel comfortable before and after their surgical procedures.
- **Greater efficiency:** The office-based anesthesiology practice works closely with patients pre-operatively, preparing them for surgeries. As a result, the office-based practice will have less surgery cancellations because a patient was not prepared accordingly. In addition, the anesthesiologist and CRNA will stay with the patients until they have recovered, which frees up the physicians' time to consult with other patients while surgical patients are recovering. And, because office-based practices are operating in their own surgical suite with dedicated staff, they are able to work much more efficiently and to schedule an optimum number of surgeries per day. More money for the anesthesiologist means more money for the office-based physician/surgeon.
- **Quality care:** Most important to physicians is the ability to deliver top-notch, quality care to their patients. With an outpatient anesthesiology practice that delivers the best anesthesiology care possible, office-based physicians feel more enabled to concentrate solely on delivering the best surgery service possible.

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- **Equipment investment:** Investing in anesthesiology equipment will ensure optimum safety and efficiency between procedures. The office-based practice can monitor the maintenance of its own equipment, receive tax credits for its investment, and continue to update its equipment as new technologies become available. This also makes for an easier transition for the anesthesiology group in conducting surgeries given that there is minimal to no set-up of technical equipment for procedures. While many anesthesiology groups prefer that the office-based practice invest in the equipment, shared investment initiatives can create stronger partnerships among groups.
- **Marketing:** With the assistance of anesthesiologists, office-based physicians are able to successfully market their services because they can offer a full array of outpatient procedures, assuring the patients that they will receive these services under the care of a highly qualified, board certified anesthesiologist. These services will also lead to more referral-based business, a driving force in marketing for many office-based practices.

## SELF-PROMOTION: ACCREDITATIONS AND FEE STRUCTURE

One of the most important goals an office-based anesthesiology practice can set is marketing the services and capabilities offered. Developing new clients within any specialty can be a challenge and when presenting an anesthesia solution to office-based physicians, the two questions that will arise are, 1) are your anesthesiologists board-certified? and 2) What are your fees?

National accrediting groups such as the American Association for Accreditation of Ambulatory Surgery Facilities (AAAASF), the Accreditation Association for Ambulatory Health Care (AAAHC) and the Joint Commission on Accreditation of Healthcare Organizations (JCAHO) do not require that the anesthesiologist be board-certified, but the anesthesia provider must have the appropriate credentials to manage patients at whatever level of sedation and anesthesia is achieved. Also owing to the length of the case, along with the level of invasiveness of the case, working with a board-certified anesthesiologist may also help office-based practices muddle through malpractice insurance and liability issues.

Anesthesiology groups' cash fees vary by location, depending on the availability of the anesthesiologists, as well as the competitive marketplace of the office-based provider. If an anesthesiology practice is working primarily at a hospital and is covering an office-based physician practice to supplement its income, it may choose to negotiate fees at lower rates. However, if an anesthesiology group is specializing in outpatient anesthesia, then there may likely be less room to negotiate due to higher overhead and overall costs. Hourly rates are charged on a per-case basis but some anesthesiology practices may choose to charge flat fees per case. Logistical arrangements vary and the anesthesiologist may choose to bring their own medications and supplies at an added fee.

All of these elements should be determined as the group strategically plans its areas of focus within an office-based versus a hospital setting. Although the lowest hourly rate may win out in more business initially, surgeons may soon realize they are compromising their schedules to work with the anesthesiology practices that provide lower fees, with inconvenient coverage only during non-hospital hours. Paired with the knowledge that they may be receiving the anesthesiology practice post-call after eight to 12 hours of work, surgeons will rethink the rationale for cost-savings and questions surrounding additional coverage options will likely resume.

When in a competitive environment, it is important to know one's competition and make sure that proposals provide "apples-to-apples" comparisons. Otherwise, another group's rate may look more attractive than one's own rates. The bottom line is that the fees can be driven by an anesthesiology practice, and should be based on overall marketplace trends and negotiations with individual office-based practices.

## MAINTENANCE AMONG THE COMPETITION

As more anesthesiology practices seek work outside of the hospital arena, it is important to develop policies that distinguish one practice from the rest. Once office-based partners are considered, an anesthesiology practice needs to maintain and nurture

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those business relationships. Having a dedicated staff person or "client advocate" to address concerns on a consistent and one-on-one basis will yield high dividends for the future.

Scheduling is also an evolving and dynamic process since many practices will have untimely surgical procedures, etc. One of the major aspects of scheduling is to ensure every physician is scheduled to cover the correct facility according to licensure, certifications, types of procedures, and travel considerations.

## BILLING AND COLLECTIONS FOR CASES

The clinical documentation requirements for in-office, non-facility anesthesia is no different than that required for anesthesia provided within the facility setting. There are, however, varying billing specifics depending on the payor. These should be reviewed to insure that unnecessary denials are not received. Payor credentialing for the location will also need to be accomplished, when appropriate. With some payors, this is simply a letter notifying them of the location address and start date of the service.

In the past there have been efforts by various payors to not provide benefits for in-office anesthesia, specifically with GI cases. However, the proposed polices have not been implemented, largely due to the support of the surgeons who realize the benefit of anesthesia services in providing a positive patient experience.

Occasionally there can be a payor that has negotiated global payment with the surgeon. This type of contractual arrangement will preclude separate payment to the anesthesiologists. In these instances, the anesthesia provider should negotiate with the surgeon to receive payment for the services they provide.

Depending on the specific service, collections per case for non-facility anesthesia can be lower than the collections per case for facility anesthesia. This reflects the lower acuity and shorter length of the cases. These same situations also provide for more efficiency and better utilization of anesthesia resources.

## CONCLUSION

The business of office-based anesthesiology has a multitude of varying facets compared to hospital and surgery center environments. Comfortable working hours and a more intimate relationship with patients and physicians can provide the forum for a considerable amount of professional stability. The gamut of anesthesia techniques, patient satisfaction and surgeon expectations is generally no more of a commodity or similarity than that found in traditional locations. For the anesthesiologist, a fine balance between business professional and clinician is becoming more a rule than an exception, and efforts to maintain and promote the anesthesiology practice and its clients will help forge continued growth of this growing business model.

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Medical Management Professionals, Inc. (MMP) was founded in 1993 and is a leading provider of billing and practice management services to anesthesiologists. MMP's flexible solutions range from billing-only services to full-practice management services.

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