Anesthesia Practice Models
Juan F. Quintana CRNA, DNP

Evidence Summary
Needs Analysis
1. US spends more than any other country on Healthcare
2. Healthcare exceeds 17.9% of GDP
3. Anesthesia Stipends continue to Increase
4. Healthcare Reform

Agenda
- Productivity
- Productivity and Anesthesia Practice models
- Financial impact of subsidization
- Stipends
- Stipend busters
- Healthcare reform
Productivity

- Defined - total output / one unit of input
- A Measure of efficiency
- Ratio of Output to Input

Estimate Working Days Per Year

365 days in a year, 52 wks in a year
- 52 wks x 2 wknd days = 104 wknd days
365 days/year - 104 wknds = 261 days
- 261 days - 6 Holidays = 255 days

Time Off/ Vacation Time

MDA 4-8 weeks / year
CRNA 4-6 weeks / year
Average 6 weeks
**Estimate Working Days Per Year**

365 days in a year, 52 weeks in a year
- 52 weeks x 2 wknd days = 104 wknd days
365 days/year - 104 wknds = 261 days
- 261 days - 6 Holidays = 255 days
* 255 days - 30 days (6 weeks off) = 225 days

**Practice Information**

* Average Procedures per day
  
  Average length procedure 90 min
  (6 TM or 1.5 hours)
  • Average turnover time + 20 min (30)
  • Average time/procedure = 110 min
  • Routine operating hours 8 Hrs/day
  • Total time per procedure 2 Hrs/procedure

  **4.3 procedures/day**

  (Harders, 2007; Dexter, 2005)

**Conversion Factor**

Median CF “Collected” by academic institutions surveyed

<table>
<thead>
<tr>
<th>Year</th>
<th>CF</th>
</tr>
</thead>
<tbody>
<tr>
<td>2007</td>
<td>$32.00/unit</td>
</tr>
<tr>
<td>2008</td>
<td>$34.00</td>
</tr>
<tr>
<td>2009</td>
<td>$34.00</td>
</tr>
<tr>
<td>2010</td>
<td>$35.00</td>
</tr>
</tbody>
</table>
Conversion Factors

Medicare Conversion Factors
http://www.cms.gov/center/anesth.asp-Billing/Payment

Commercial Conversion Factors

Translation into Practice
Average Units /Case

National Average 10-13 units/case

Sample Determination 2010

Average 11,050 units /FTE (academics)
11,050 units/FTE ÷ 225 days =
49.11 units /day
49.11 units /day ÷ 4.3 cases /day
11.4 units /case

Estimating Annual Productivity

TOS provided - 7
Payer Mix - Medicare
• Average Days worked = 255
• Average Cases/ day = 4 or 5
• Average CF r/t TOS = $21.00
• Average Units/Case = 10-13
Medicare Only Sample
Productivity

Revenue /Case
10 units/case x $21.00/units = $210/case

Daily Revenue
$210/case x 4-5 cases/day = $840-1050/day

Yearly Revenue
$840-1050/day x 255 days/year = $214,200-267,750/year

Payer Mix

The percentage composition of reimbursement from the individual payers

• Medicare
• Medicaid
• Commercial
• Private payer

Sum = 100%.

How to Calculate a CF r/t payer mix

Percentage Payer x CF
• 40% Medicare x $21.00 = $84.00
• 40% Commercial x $62.50 = $25.00
• 10% Medicaid x $15.00 = $15.00
• 10% Private Pay x $0.00 = $0.00

Average $$$ / Unit $34.90
Average CF Sample Productivity

Revenue / case
10 units/cases x $35/units = $350/case

Daily Revenue
$350/case x 4.5 cases/day = $1,575/day

Yearly Revenue
$1,575/day x 255 days/yr = $401,625/yr

Productivity less time off

Revenue / case
10 units/cases x $35/units = $350/case

Daily Revenue
$350/case x 4 cases/day = $1,575/day

Yearly Revenue
$1,575/day x 225 days/yr = $354,375/yr

Agenda

Productivity
Productivity and Anesthesia Practice models
Financial impact of subsidization Stipends Stipend busters Healthcare reform
Translation into Practice

Models

1. Anesthesiologists Only
2. Anesthesia Care Team
   - MD medically directs 2-4 CRNAs
3. Collaborative
   - MD and CRNA working together
4. CRNA Only
   - CRNAs administer all anesthesia

Translation into Practice

Potential Reimbursement

12 Anesthetizing Locations

- $35/unit x 10 units = $350/procedure
- $350/proc. x 4.5/day = $1,575/day

12 x $1,575/day x 255 days/year = $4,819,500/year

Cost of Billing

- $4,819,500/year x 6% = $289,170
- $4,819,500/year - $289,170 = $4,530,330/year
Translation into Practice

Anesthesiologist Only
Cost FTE for 12 locations
16 MDs x $350,000   = $5,600,000/year
Potential Reimbursement = $4,530,330/year
Net Gain/Loss = -$1,069,670/year

Translation into Practice

CRNA Only
Cost FTE for 12 locations
16 providers x $200,000   = $3,200,000/year
Potential Reimbursement = $4,530,330/year
Net Gain/Loss = $1,330,330/year

Translation into Practice

Collaborative
3 MDA x $350,000
+ 13 CRNAs x $180,000 = $3,390,000/year
Potential Reimbursement = $4,530,330/year
Net Gain/Loss = $1,140,330/year
Translation into Practice

ACT 12 locations (1:3 ratio = 70%)

6 MDA x $350,000
+ 16 CRNAs x $160,000 = $4,660,000/year
Potential Reimbursement = $4,530,330/year
Net Gain/Loss = $ 129,670/year

Adjusted Units

12 Locations under Medical Direction
Induction Time - 15 min
1st case on time
2nd case 15min delay (-1unit)
3rd case 30min delay (-2units)

Translation into Practice

Adjusted Reimbursement

12 Anesthetizing Locations
$35/unit x 10 units = $350/procedure
$350/proc. x 4.5/day = $1,575/day
4 x $1,575/day x 255 days/year = $1,606,500/year
Translation into Practice

**Adjusted Reimbursement**

12 Anesthetizing Locations

$35/unit x 9 units = $315/procedure

$315/proc. x 4.5/day = $1417.5/day

4 x $1,417.5/day x 255 days/year

= $1,445,850/year

New Adjusted Potential Reimbursement

1st case $1,606,500/yr
2nd case $1,445,850/yr
3rd case $1,285,200/yr

Start $4,530,330/year - $4,337,550/yr

<$192,780>

Translation into Practice

**Adjusted Reimbursement**

12 Anesthetizing Locations

$35/unit x 8 units = $280/procedure

$280/proc. x 4.5/day = $1,260/day

4 x $1,260/day x 255 days/year

= $1,285,200/year
Translation into Practice

**ACT** – Delays r/t Medical Direction (12 Locations)
Cost = $4,660,000/year
Potential Reimb. = $4,337,550/yr
Net Gain/Loss = -$322,450/yr*

*Cost of labor, OR costs not included

---

Agenda

Productivity
Productivity and Anesthesia
  Practice models
Financial Impact of Subsidization
  Stipends
  Stipend busters
Healthcare reform

---

Stipends

Defined - Noun
  • A regular sum paid as a salary or allowance.
National Stipend Trends
Support / Anesthesiologist FTE

(median) (mean)
2007 - $103,000 $126,000
2008 - $109,000 $136,000
2009 - $157,000 $159,000
2010 - $142,300 $165,000

39% Increase

National Stipend Trends
Support / Hospital

(median) (mean)
2007 - $3.5M $4M
2008 - $4.5M $5M
2009 - $4.8M $6M
2010 - $5.5M $6.8M

Impact Healthcare
US - 2010 FTE subsidy info for 112 facilities extrapolated
For Hospitals with >25 beds
(13% reported no subsidy)
Total Annual subsidy:

$ 4,200,000,000.00 (4.2B)
Calculating a Stipend

Cost of provider - revenue generated (per location)
Cost of on-call services
Cost of 24/7 in-house coverage (OB, ER)
Variable depending upon revenue generated

Stipend Busters

Characteristics
   Completely Fee - for - Service
   Real Deal
   Bait and Switch
   Administration Negotiation

Agenda

Productivity
Productivity and Anesthesia
Practice models
Financial impact of subsidization
Stipends
Stipend busters
Healthcare reform
Healthcare Reform

Market Changes
Demographics
SGR
Affordable Care Act
  Non-discrimination of Providers
ACO
Medicaid Numbers
PQRS

Demographics

~ 3.5M will reach 65 years of age
  1% - this year

Medicare Payer mix will increase.
  Work More, Make less

SGR

30% cuts delayed 1 year

MEDPAC
  recommends 17% cut over 3 yrs

3 year Fix - 1%, .5%, .5%
  pre-sequester level
Affordable Care Act

Non-Discrimination
ACOs
RACs

Medicaid Recipients

State Discriminatory Practices
  Reduced Rates
  Lack of recognition
Increase volumes will skew Payer mix

PRQS

Pay associated with Quality
ACO pay associated with Quality
REFERENCES


