



The Future of Anesthesiology

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Learner Outcomes

- Discuss key macrotrends in health care and how they are impacting hospitals, health systems, and anesthesia groups.
- Discuss how the current anesthesia clinician provider supply/demand imbalance, declining reimbursement trends, and rising provider costs are impacting anesthesia groups and other employers of CRNAs and physician anesthesiologists.
- Discuss what the future of anesthesia care delivery will look like in the coming years and how to position yourself as a CRNA clinician, leader, and entrepreneur to capitalize on these market forces.

The law of competitive advantage...

Explained by a moron...



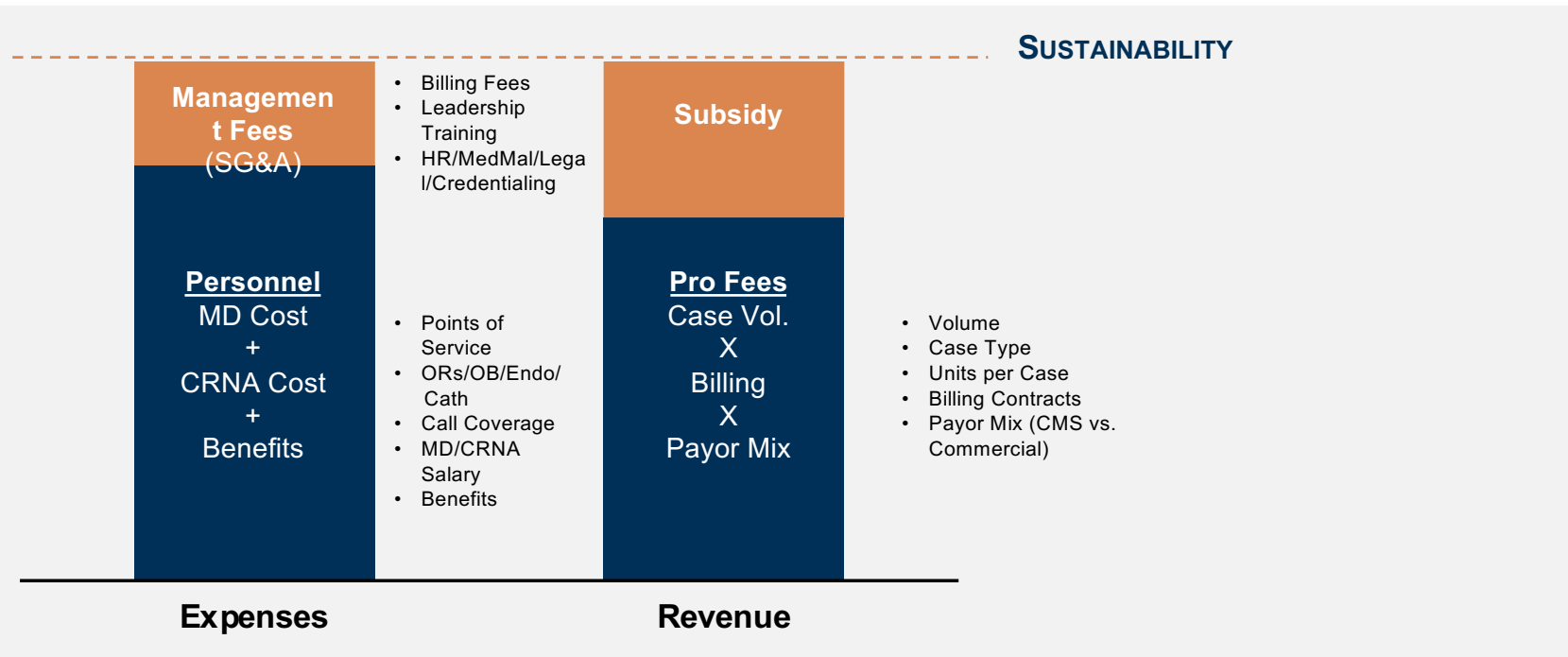
Setting the Stage – Main drivers

Anesthesia, how hard could it be?



The Business of Anesthesia

How it works...



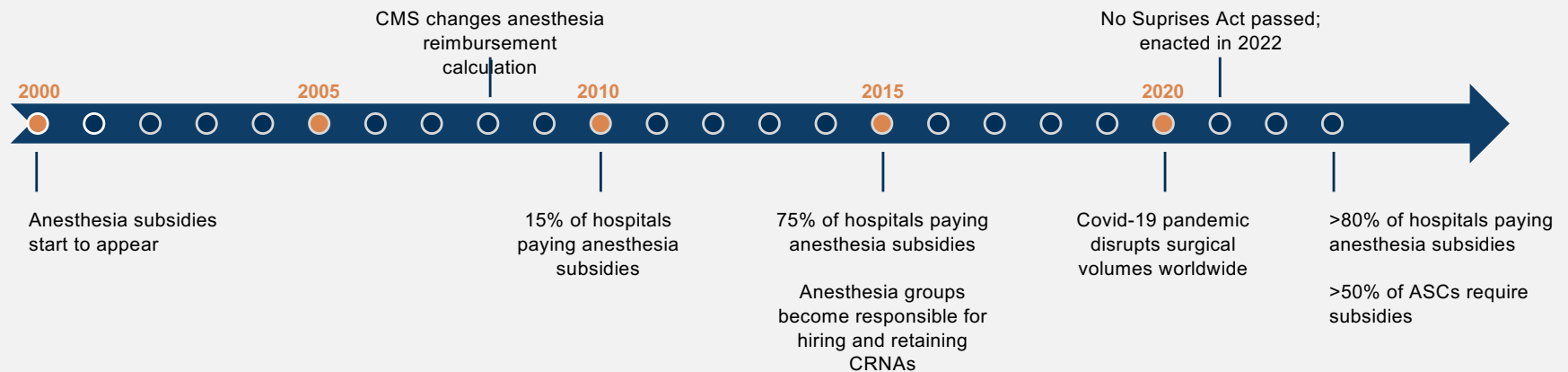
“Knowing your value proposition...”



The Hospital Subsidy Explained

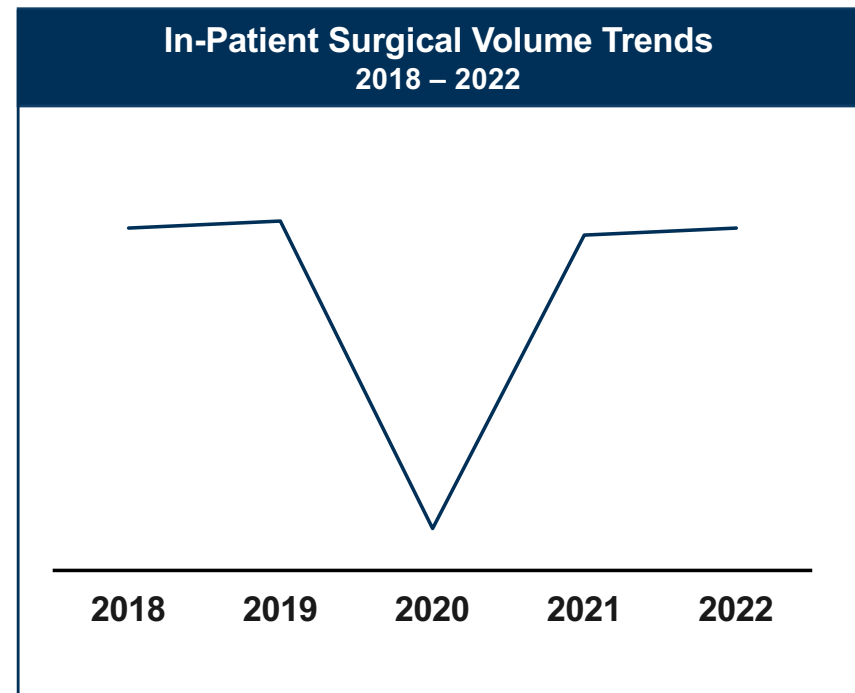
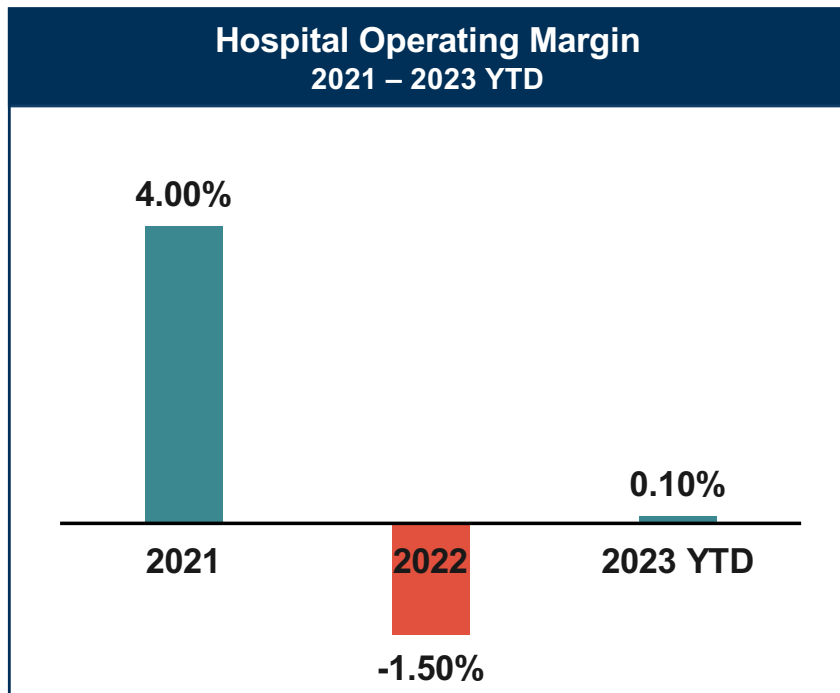
Anesthesia reimbursement methodology is dumb and profoundly broken

A Brief History of the Anesthesia Subsidy



Ongoing Impact of COVID-19

Hospital CEOs are brilliant one year; getting fired the next...

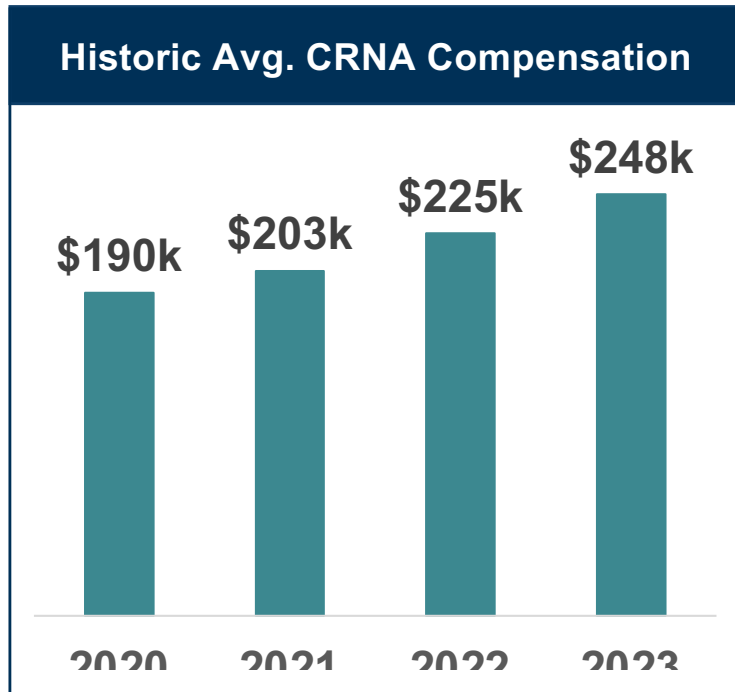


<https://www.advisorv.com/daily-briefing/2022/02/02/hospital-margins>

<https://www.definitivehc.com/resources/healthcare-insights/hospital-operating-margins-united-states#:~:text=Based%20on%20data%20from%20more%20than%205%2C600%20hospitals,is%20from%20the%20October%202022%20Medicare%20Cost%20Report>

CRNA Labor Dynamics

The law of supply and demand remains undefeated 250+ years and counting...



30%

Average overall CRNA expense increase
(includes premium labor and locum use)

Anesthesia Practices In the News – In Contrary Ways

News > Medscape Medical News > Business of Medicine

Envision Healthcare Files for Chapter 11 Bankruptcy, Separately Plans Layoffs

John McCormack
May 22, 2023

Is Envision Healthcare's bankruptcy a wake-up call for staffing industry?

CAROLINE HUDSON [Twitter](#) [LinkedIn](#) [Email](#)

National Anesthesia Companies Under the Microscope

The Washington Post
Democracy Dies in Darkness

BUSINESS

Financiers bought up anesthesia practices, then raised prices

Private-equity firms are merging doctor groups to create firms that critics say are big enough to wield excessive power over prices

BUSINESS

Private equity investors raising U.S. medical prices, study says

Researchers examined the effects of private equity firms buying up physician practices

The Roll-up strategy...

When keeping it real goes wrong...

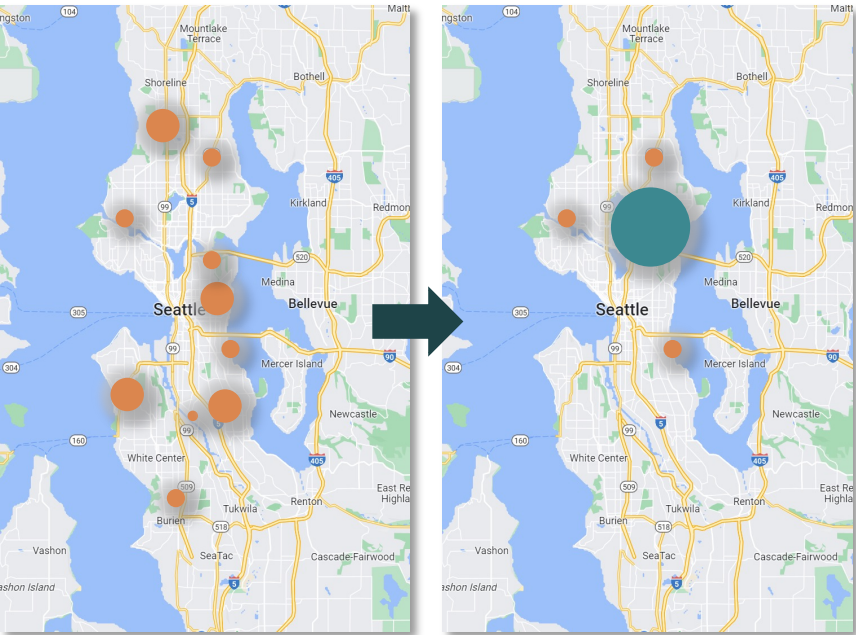
For Release

FTC Challenges Private Equity Firm's Scheme to Suppress Competition in Anesthesiology Practices Across Texas

U.S. Anesthesia Partners, Welsh Carson engaged in decade-long anticompetitive acquisition spree to suppress competition and unfairly drive-up prices for anesthesiology services

Anesthesia Treated Differently Than Other Specialties

Before No Surprise Billing, large anesthesia groups could negotiate rates 1.5-2.5x¹ better than small practices



A changed dynamic: like other specialty areas, anesthesia groups looking to negotiate with payors on level playing field

TITLE I--NO SURPRISES ACT

Sec. 101. Short title.

Sec. 102. Health insurance requirements regarding surprise medical billing.

Sec. 103. Determination of out-of-network rates to be paid by health plans; independent dispute resolution process.

No Surprises Act of the 2021 Consolidated Appropriations Act

Sec. 106. Reporting requirements regarding air ambulance services.

Sec. 107. Transparency regarding in-network and out-of-network deductibles and out-of-pocket limitations.

Sec. 108. Implementing protections against provider discrimination.

Sec. 109. Reports.

Sec. 110. Consumer protections through application of health plan external review in cases of certain surprise medical bills.

Sec. 111. Consumer protections through health plan requirement for fair and honest advance cost estimate.

Sec. 112. Patient protections through transparency and patient-provider dispute resolution.

Sec. 113. Ensuring continuity of care.

Sec. 114. Maintenance of price comparison tool.

Sec. 115. State All Payer Claims Databases.

Sec. 116. Protecting patients and improving the accuracy of provider directory information.

Sec. 117. Advisory committee on ground ambulance and patient billing.

Sec. 118. Implementation funding.

¹ASA Survey, Commercial Fees Paid for Anesthesia Services – 2022
<https://www.ftc.gov/legal-library/browse/statutes/no-surprises-act-2021-consolidated-appropriations-act>

No Surprises Exacerbates CMS Reimbursement Reductions

Surprise! You're getting screwed...



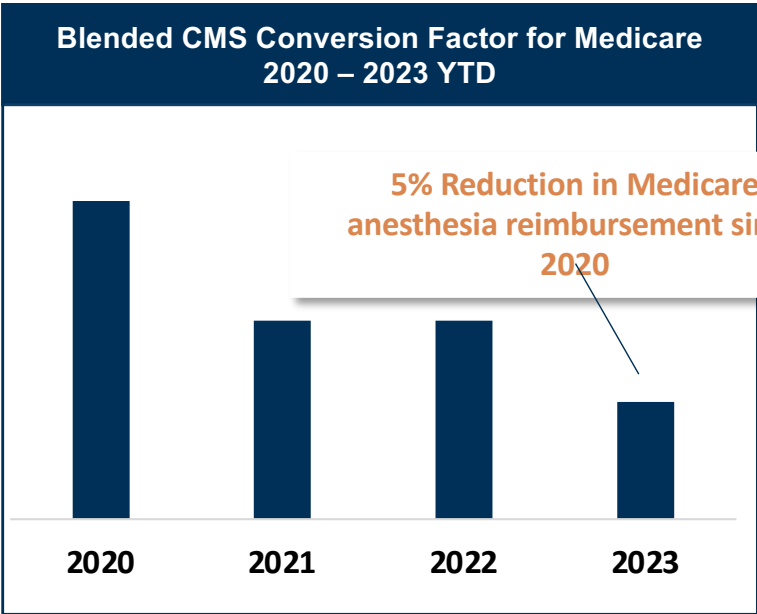
Original Intent	Reality
<ul style="list-style-type: none"> • Improve the patient experience • Avoid hitting patients with big anesthesia bills due to lack of choice on anesthesia provider • Establish payment standard for out-of-network claims 	<ul style="list-style-type: none"> • Payors realize they can save substantial money on anesthesia • 60-90% rate cuts on out-of-network services • Cancel existing provider agreements viewed as "premium" rates

NEWS

November 22, 2021

BlueCross BlueShield of North Carolina Abuses No Surprises Act Regulations to Manipulate the Market Before Law Takes Effect

Insurance company jeopardizing patient access to care through 'take it or leave it' ultimatums to in-network clinicians



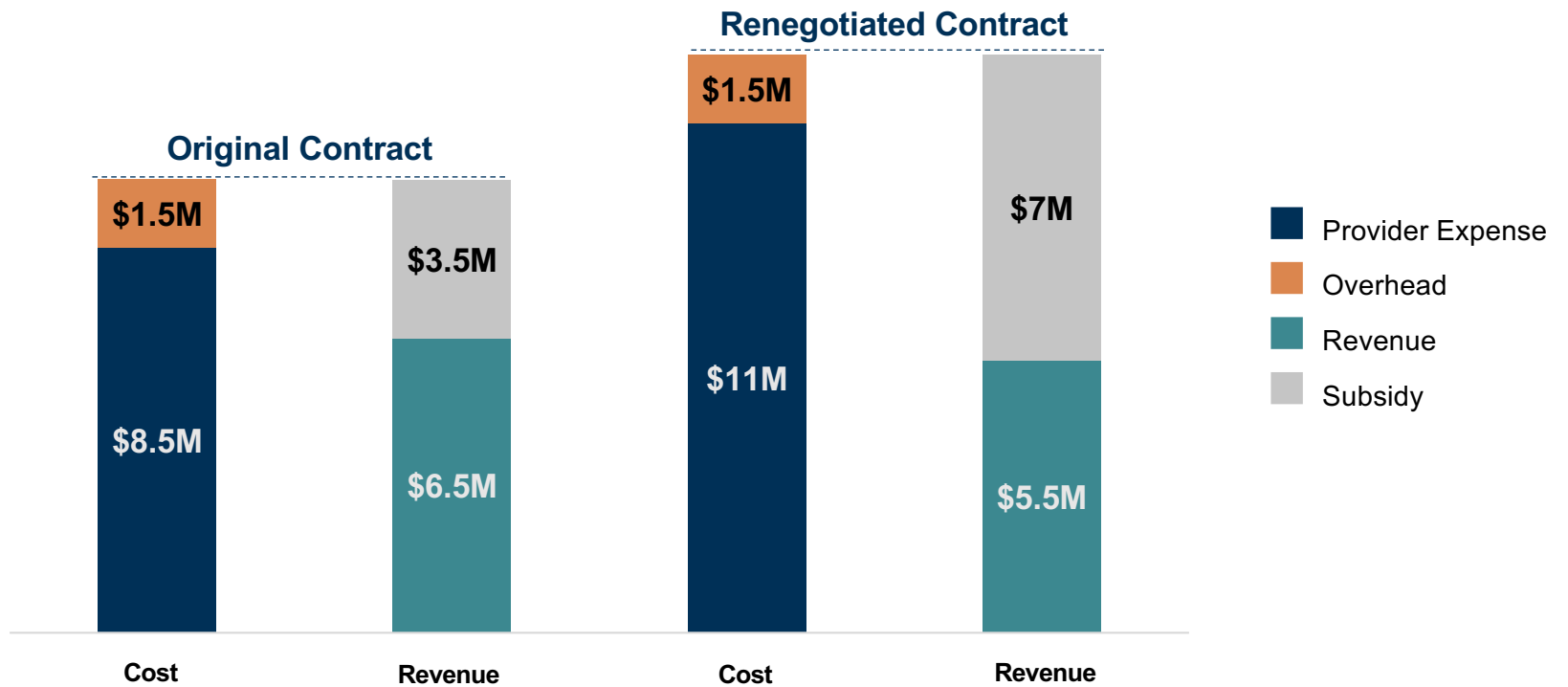
Times are tough...



- Clinicians
 - Compensation, burnout
- Small anesthesia groups
 - Decreased margins, more seeking relief and safety
- Larger anesthesia groups
 - Many are over-leveraged and struggling with debt and margin pressure
- Hospital partners
 - Decreasing margins, increasingly looking at options
- NorthStar Anesthesia
 - Under-leveraged, margin pressure, investing for the future

Factors Combine to Make Funding Anesthesia Challenging

Surprise! We need more money...



Maintaining margin more and more difficult with rising provider expenses and increasing POS

Can Model Be the Answer?

To QZ or not to QZ? That is the question....

Criteria	Model A	Model B
Rooms	10	10
Utilization (%)	60%	60%
Practice Model	Medical Direction	QZ
CRNAs (# FTEs)	12	14
MDs (#FTEs)	4	2
Cost (\$)	\$5,120,000	\$4,640,000
Revenue* (\$)	\$3,800,000	\$3,400,000
Delta (\$)	(\$1,320,000)	(\$1,240,000)

Comp Assumptions (including benefits):
 Alabama-based facility
 \$260k per CRNA
 \$500k per MD

How competitive advantage has changed..

How to Succeed in this Environment

“Bold” Predictions for the Future of Anesthesia

<u>Workforce</u>	<u>Hospital and ASC Throughput</u>	<u>Reimbursement</u>
1 Increased number of CRNA programs and residencies	4 Better utilization	7 Rise of QZ billing
2 Higher volume of SRNAs and residents per program	5 Improved understanding of profitability	8 Broader scope of practice
3 Increased push for alternate anesthesia providers	6 Fewer points of service and more rational decision-making	9 Specialization for APPs

Q&A

