

A Hospital's Guide to Evaluating Anesthesia Services

The delivery of cost-effective, high-quality health care has many moving parts. For a hospital, the operating room (OR) is at the center of those activities and often drives a hospital's success or failure.

Today's value-based business model builds a transparent partnership of stakeholders working together to improve performance and outcomes. Functioning as a primary provider in the continuum of patient care, anesthesia has a pivotal role in safeguarding the clinical and financial success of the OR.

With so much at stake, hospitals must regularly evaluate the effectiveness of the anesthesia team. Due to the critical role of anesthesia in a hospital's business model success, and the rapidly changing compliance requirements, the recommended frequency for conducting a review of the anesthesia team is annually.

This resource document offers hospital executives a simple yet comprehensive tool for evaluating the delivery of anesthesia services and provides real-world examples in the areas of leadership, financial management, quality improvement, and clinical services.

"A culture of performance improvement, accountability, and high-performance focus is critical to enhancing the organization's ability to implement strategies successfully. The right culture will enable the transformation to the hospital and care system of the future."

HOSPITALS AND CARE SYSTEMS OF THE
FUTURE, SEPTEMBER 2011
AMERICAN HOSPITAL ASSOCIATION

Leadership

Anesthesia services is one of the least understood yet most complex departments in a hospital, mostly because the anesthesia department is not always fully integrated and aligned with the hospital's mission, goals, and objectives. Executives often view it as complicated and must rely on the anesthesia leadership to manage the clinical and business aspects of the service.

The right leader blends people management skills, clinical knowledge, and business acumen, while aligning team goals with those of the hospital. Use the following areas for evaluating the strength of the current anesthesia leadership.

ALIGNMENT OF GOALS

An effective leader supports both the anesthesia team and the hospital. It is important for the anesthesia team to be flexible in managing and supporting the hospital's emerging surgical services lines and the entire preoperative continuum. Consider how well the current anesthesia leadership aligns the goals of the team with the business and operational goals of the hospital.

Anesthesia Subsidy Costs

- \$140,000 – average anesthesia subsidy per location
- \$4.2 billion – estimated total U.S. anesthesia subsidy

HEALTHCARE PERFORMANCE STRATEGIES
NATIONAL ANESTHESIA SUBSIDY SURVEY,
2008

FUNCTIONING OF THE OR

Optimizing the functionality of the OR requires flexibility for managing unexpected changes and diplomacy in meeting the needs of surgeons, nurses, and anesthesia providers. Evaluate how well current anesthesia leadership manages the OR, particularly when changes are required.

ON-SITE ADMINISTRATOR

Not all hospitals have an on-site anesthesia administrator, yet this position is critical. The administrator is responsible for coordinating the activities of anesthesia services, such as quality assurance, scheduling, report management, distribution of charts, and billing management. Does the current anesthesia team employ an administrator? If so, measure the performance of the person performing that role.

SURGEON COLLABORATION

The OR is a major source of revenue for hospitals. Therefore, the surgeons who generate that revenue are important stakeholders. Scheduling conflicts or after-hours costs have a negative impact on OR efficiency and growth. An effective anesthesia leader has the skills to productively manage the relationship with surgeons to obtain buy-in for greater OR efficiency. Do the surgeons respect and support current anesthesia leadership in a way that does not compromise OR efficiency?

PARTICIPATION IN COMMITTEES/MEETINGS

The anesthesia provider is a key player in many areas of patient care, including the surgical, procedural, and obstetrics units of the hospital. Anesthesia leadership should be an active participant in hospital committees and meetings, such as those with a focus on OR steering, clinical, quality, and morbidity/mortality issues. How active is the current leadership in your hospital's strategic planning and operations?

Financial Management

The influence of anesthesia services on a hospital's bottom line extends beyond the financial support of an anesthesia subsidy. In addition to the subsidy, anesthesia's management in areas of payer contracting, revenue management, billing and collections, and provider compensation, as well as its readiness for pay-for-performance initiatives, have a significant effect on the financial health of the hospital. Is your anesthesia provider a transparent financial partner? Review the following financial management areas when assessing the current anesthesia team's performance.

PAYER CONTRACTING/REVENUE MANAGEMENT

Negotiating a payer contract must support the collaborative financial objectives of the anesthesia group and the hospital. How well does the current anesthesia group meet that objective? How well does the group manage the revenue process?

BILLING AND COLLECTIONS

Anesthesia billing and reimbursement are complex. Maximizing revenue relies on accurate data entry, coding, and an effective collection process. It also requires a thorough understanding of the different reimbursement methods of Medicare and private payers. Grade your level of confidence in your current anesthesia team's billing and collections process as it directly impacts the level of financial support to your anesthesia group.

PROVIDER COMPENSATION

The shortage of qualified anesthesia providers and the increased demand for anesthesia services create a highly competitive marketplace. Weigh the compensation of the current anesthesia team against the local market rate.

ANESTHESIA SUBSIDY

Hospitals provide additional financial support in the form of anesthesia subsidies to compensate for the expenses not covered by revenue. Factors such as fair market value, revenue cycle management, the number of anesthetizing locations, the type of staffing model, and overall efficiency affect the amount of subsidy. Weighing those factors, how satisfied are you with the current anesthesia subsidy?

PAY-FOR-PERFORMANCE INITIATIVES

Health reform presents a dramatic shift in a hospital's business model. Provisions like the Value-Based Purchasing (VBP) program focus on performance and outcomes, instead of volume. VBP has two measurement categories – *Process of Care* and *Patient Experience*. Anesthesia has a direct impact on up to one-third of the VBP Process of Care measurements and an influence over all of the measurements in the *Patient Experience* category that will directly impact your facility's bottom line. How prepared is the current anesthesia team to meet and rapidly respond to health care reform initiatives?

Quality Improvement

A commitment to continuous quality improvement is the foundation for delivering optimal health care. Compliance with regulatory guidelines, accreditation standards (SCIP measures), hospital bylaws and regulations, evidence-based medicine, customer satisfaction, benchmarks, and best practices form the structure for a hospital's quality improvement program. Evaluate how well the current anesthesia team supports and engineers continuous quality improvement in the following areas.

PROFESSIONAL PRACTICE EVALUATION

Formal professional competency and skills assessments such as the Joint Commission's Focused Professional Practice Evaluation (FPPE) and Ongoing Professional Practice Evaluation (OPPE), as well as internal evaluations, are designed to continually evaluate a clinician's performance. Assess the current anesthesia team's ability to perform and manage FPPE, OPPE, surgeon, nursing, and administrative satisfaction surveys.

ACCREDITATION AGENCIES

An important measurement tool for the VBP and other programs is the Hospital Consumer Assessment of Healthcare Providers and Systems (HCAHPS) survey of inpatient satisfaction – especially in the area of pain management. How effectively does the current anesthesia team track and comply with HCAHPS requirements?

REPORTING CAPABILITIES

Managing quality improvement requires the accurate and timely reporting of results. Assess the infrastructure the current anesthesia team has for accurate reporting on a timely basis, including compliance with regulatory agencies and other quality initiatives, such as evidence-based medicine, customer satisfaction, national benchmarks, and best practices.

QUALITY MANAGEMENT PROGRAM

A comprehensive quality management program controls all areas of compliance and clinical and administrative performance, as well as customer satisfaction for all stakeholders. Appraise the current anesthesia team's overall quality management program for its effectiveness and integration with the hospital's quality assurance goals.

Clinical Services

The clinical expertise of the anesthesia provider is unique to the profession, and the current shortage of qualified providers adds to the supply and demand challenges for anesthesia services.

Staff shortages create an even greater need for efficient and cost-effective delivery of care to ensure appropriate coverage for the hospital's needs. Think about how well the current anesthesia team meets the hospital's anesthesia needs.

OR COVERAGE

Inadequate anesthesia coverage of the OR has costly consequences. Some hospital administrators use temporary help (locum tenens) to fill gaps in OR coverage. It is both costly and ineffective in building a cohesive team. Rate the ability of the current anesthesia team to provide consistent, flexible and optimal OR coverage to meet the needs of the hospital.

OR MANAGEMENT

An effective anesthesia team employs best practices that help create clinical excellence in the OR. In determining how well the current anesthesia team manages the OR, review the following areas.

Impact of Inadequate Anesthesia Staffing

- 75 percent of hospitals had increased surgery wait times
- 66 percent of hospitals limited access to ORs due to lack of anesthesia personnel

AMERICAN SOCIETY OF ANESTHESIOLOGISTS
NATIONAL SURVEY OF HOSPITAL
ADMINISTRATORS, CONDUCTED BY THE
TARRANCE GROUP, 2002

OR Turnaround Time

Inefficient procedures inside and outside the OR can lead to longer turnaround times, increasing costs and creating bottlenecks in patient flow. How well does the current anesthesia team decrease the OR turnaround time by introducing and implementing more efficient processes and procedures?

Case Starts

Late surgery case starts have a trickle-down effect, resulting in costly delays and an increased potential for complications. Review the proficiency of the current anesthesia team for leading and ensuring compliance with on-time case starts. Look at the percentage of on-time case starts, and identify anesthesia-related delays.

Add-ons

In addition to scheduled surgeries, an anesthesia team often has to be flexible to accommodate add-on surgeries. Determine how flexible and how efficient the current anesthesia team is in accommodating add-ons.

ANESTHESIA CARE TEAM ROLE

Anesthesia staffing models include physician only, physicians supervising Certified Registered Nurse Anesthetists (CRNAs), or CRNAs only. The team dynamics influence the efficiency and cost-effectiveness of delivering anesthesia services. For those teams with a mix of physicians, CRNAs, and/or anesthesia assistants (AAs), how satisfied are you with the collaboration of the anesthesiologist with the anesthesia care team?

OFF-SITE COVERAGE

Many facilities have additional locations requiring responsive anesthesia services, such as radiology, cardiology, and endoscopy. Assess the ability of the current anesthesia team to provide coverage for off-site locations.

STAFFING MODEL EFFICIENCY

Finding the right mix of qualified anesthesia providers who work well together in improving performance and outcomes is critical to a hospital's success. How would you rate the team dynamic in terms of efficiency, coverage, and flexibility?

RECRUITMENT AND RETENTION

Delivering optimal health care includes providing a stable workforce of health care professionals. Constant turnover or prolonged use of locum tenens undermines the anesthesia care model. How well does the current anesthesia team proactively recruit and retain qualified anesthesia providers? Are openings filled in a timely manner?

Staffing Model Efficiency

"A team that excels in the clinical aspect of anesthesiology can put a hospital at risk with the failure to address the business side of their services."

SOMNIA WHITE PAPER

FIVE WARNING SIGNS OF SUBOPTIMAL
ANESTHESIA MANAGEMENT:

HOW EVEN A TALENTED CLINICAL TEAM CAN
PUT A HOSPITAL AT RISK, NOVEMBER 2010

Further Considerations

It is also important to ensure that your anesthesia group is prepared for challenges that arise today and well into the future. They should have the capacity and resources to handle health care reform, clinical advancements, emerging surgical service lines, and reimbursement challenges.

Whether your hospital is working with a local anesthesia group or a national management company, opportunities for improvement always exist. It is possible to benchmark your current group against the alternatives, to assess best practices to determine whether a change should be considered. For additional resources, visit www.somniainc.com/thoughtleadership.

ABOUT SOMNIA ANESTHESIA

Somnia Anesthesia optimizes anesthesia services for hospitals, surgery centers and office-based surgical practices nationwide by combining clinical excellence with unparalleled management acumen. Owned and operated by anesthesiologists since 1996, Somnia provides a turnkey, solutions-based approach to anesthesia management. With an extensive in-house infrastructure and a single-minded focus on anesthesiology, Somnia builds and manages local anesthesia teams that consistently deliver the highest quality patient care, enhance operating room performance, increase revenues, and achieve full surgeon and patient satisfaction. Anesthesia services continues to be Somnia's only business. For more information visit: www.somniainc.com.

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