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Anesthesia Cost Reduction Strategies

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Parish Management Consultant, LLC was created in an environment with a high Medicaid and Medicare payor mix. In the 1990's until the present, manpower shortages of nurse anesthetists and anesthesiologists have kept their respective salary and benefits higher than the professional revenues they were able to generate, particularly in areas of the country where poor payor mix is concentrated. This predicament created the need for groups to seek financial assistance (subsidies) from their partner facilities.

Today, these facilities are saying to Parish and their respective groups – lower the subsidies! As stated above, cost reduction strategies are limited. Both anesthesiologists and nurse anesthetists have salary and benefit packages that are driven by the market. Reductions in this line item are limited.

Parish's cost reduction approach is collaborative and usually involves some level of risk sharing with the facility. This strategy means that it is imperative to have the analytical ability to evaluate a number of metrics including but not limited to provider productivity, ASA mix, and anesthesia quality outcomes. Parish has implemented risk agreements in a number of acute care facilities over the years. The willingness to put "some of your skin in the game" often goes a long way in advancing the partnership with your facility.

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Over the years, the debate has continued over clinical outcomes and appropriate operating room staffing when comparing anesthesiologists (all MD practices) verses certified nurse anesthetists (CRNA models). Then, of course, there are the care team models where anesthesiologists oversee the care given by certified nurse anesthetists with varying degrees of clinical oversight. In the medical literature, there are numerous studies to support any position one might want to take on the matter; however, as hospital subsidy dollars diminish, anesthesia staffing becomes a primary focus.

As stated above, along with monitoring productivity and quality outcomes, another important consideration is the anesthesia staffing model. More and more of Parish's medical directors are beginning to staff cases and specific areas of the Hospital pending surgeon/patient needs, ASA assessment, and provider clinical proficiency. Staffing with the appropriate level of expertise to meet the needs of the patient is essential not only in controlling cost, but assuring quality care.

Parish has management experience in various states where staffing models range from CRNA's practicing independently, to MD oversight of up to four CRNA staffed cases. What Parish has learned is that patient populations, surgeon and hospital expectations, and hospital financial goals all vary. Successful strategies and tactics acquire buy-in from all stakeholders in order to assure success.

For More Information

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