



## CASE STUDY:

# EHC OR/ER STRATEGY SAVES COMMUNITY HOSPITAL \$1 MILLION ANNUALLY

**SITUATION** A 321-bed community hospital in the Southeast United States was experiencing significant financial challenges due to its high anesthesia costs.

### CRITICAL ISSUE

The anesthesia group was requesting a \$1 million subsidy to provide service in all areas including obstetrics and cardiovascular surgery. The hospital CEO was concerned about the subsidy amount in light of the exclusive contract the group had been awarded.

### REASONS FOR THE ISSUE

- Customer satisfaction and time management continually plagued the OR Department (OR).
- Anesthesia group provided substantial data, case volume, staffing models and payor mix justifying its request for the \$1 million subsidy.

## SOLUTION

EHC provided the hospital with a complete evaluation of physician leadership, quality standards and operating room efficiency. EHC's principals met with administrators, surgeons, OR nurses and anesthesia providers during their initial assessment. EHC was asked to assist with the anesthesia RFP process and suggested the hospital include the local anesthesia group and three national vendors, all of whom provided anesthesia and other hospital-based physician services. At EHC's request, the Emergency Department (ED) was also included in the RFP and all three of the national vendors participated in the bidding process for both service lines.

## RESULTS

- The newly combined ER/OR group produced nearly \$1 million in annual cost savings for the hospital without reducing physician compensation or staff.
- Two of the three national vendors were able to use revenue generated by the ED to offset the anesthesia shortfall and came in with no additional subsidy. In addition, both of these vendors were able to maintain ED staffing and provide all necessary OR services.
- The CEO was able transition anesthesia leadership smoothly and cost effectively, while providing the same services.