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MANAGEMENT SERVICES ORGANIZATIONS LEVELING THE PLAYING FIELD FOR SMALL AND LOCAL GROUPS

ROBERT STIEFEL, MD, PRINCIPAL, ENHANCE HEALTHCARE CONSULTING

In the Healthcare environment of 2018, it seems that “bigger is better” is the mantra from all sides. We’ve got hospital systems consolidating, huge insurers combining, giant national provider groups forming even Warren Buffet, Jamie Dimon and Jeff Bezos are throwing the massive weight of their companies behind a vaguely defined health care “game-changer”. But in the wake of all this consolidation remains numerous small to medium independent hospitals and provider groups struggling to remain relevant in the new reality.

Anesthesiology mirrors these larger trends in Healthcare. The 10 largest anesthesia provider groups now employ close to 25% of the providers, up from less than 10% ten years ago. These large entities play on a bit of a lopsided field, typically enjoying better payer rates, economies of scale in operations, large marketing departments and access to capital. But what about the majority of providers continuing to work in small to medium sized groups? How do they remain relevant and maintain their independence and viability?

Management Services Organizations (“MSO’s”) are designed to support these groups, providing practice management and administrative support. As applied to small to medium sized anesthesia groups, anesthesia-specific MSO’s allow access to expertise and resources designed to meet the unique needs of our market and to allow smaller groups to level the playing field to better compete with the national giants. Key focus areas for MSO support fall under three main categories - Financial, Operational and Strategic support.

Financial support allows anesthesia groups to remain competitive in their local markets by maximizing revenue collected from payers thereby maintaining the ability to

pay competitive wages for employees and to maximize profitability for partners. To achieve these objectives, MSO’s will often introduce experienced personnel to assist with creation of a managed care strategy and support payer negotiations. Oversight of revenue cycle performance is another related role MSO’s can provide – offering expertise in reviewing numerous reports, following actual versus expected collection trends, and acting as an additional knowledgeable resource to follow performance on an ongoing basis.

Unfortunately, the majority of groups cannot make ends meet on payer collections alone and therefore need financial assistance from their facility. Negotiation support with contracted hospitals is another important role in which knowledgeable MSO advisors can maximize the financial arrangement for groups and often build in contingencies for protection against shifts in coverage expectations, caseload and payer mix.

Identification of profitable service expansion opportunities is another way to bolster financial performance. For example, expansion of pain management services, coverage of endoscopy cases, or partnering with your facility to create a Total Joint Center of Excellence are all initiatives which can bolster the bottom line of your group.

Finally, one of the best ways to bolster group finances and profitability is through growth. Experienced advisors can help position you in the market for profitable growth by creating a strategy identifying desirable targets and creating a differentiated marketing message.

Operational support takes the form of maximizing day to day service delivery to support OR profitability and surgeon/hospital satisfaction. While most groups offer strong intra-operative clinical services, the market

now demands more. Hospitals expect their anesthesia partners to provide value added data documenting not only meaningful anesthesia quality but also assessing and benchmarking OR efficiency. Savvy hospital executives want to be able to benchmark their performance relative to other similar facilities and for their outsourced vendors, whether small or large, to be able to help improve relative performance. A knowledgeable MSO partner can assist groups in creating effective reporting on a wide variety of pertinent metrics.

In addition, an anesthesia-expert MSO can work with your group and facility OR leaders to help you achieve changes in processes to effect improvement in areas identified as clinical and operational opportunities. This role is often ongoing as management team members with clinical and OR improvement consulting expertise become embedded on a regular basis as members of OR committees, surgical improvement groups, efficiency task forces etc. This allows your small to medium group to “compete with the big guys” by bringing a depth of knowledge and broad national or regional experience to add value to your local facility.

Strategic support is an area where many small to medium sized groups lag well behind larger entities. Strategic retreats should be a regular endeavor for all groups hoping to thrive as businesses. This is dedicated time – it doesn’t need to be an entire weekend at a fancy location... but it can! - to contemplate your business performance, trends and competitive position. A common framework

for this is the so-called SWOT (strengths, weaknesses, opportunities and threats) analysis. In conjunction with an experienced manager, this approach helps you to develop strategic priorities which can build on your strengths, address business weaknesses and take advantage of opportunities unique to your situation. Framing of realistic goals for short, intermediate and long-term time periods are often created in this setting and revisited/ updated on a regular basis.

By expanding your “footprint” to local Surgical Centers and hospitals, groups can diversify their business, improve profitability and better position to compete for providers. Expansion of services to include, for example, acute pain management can deliver many of the same results. But each market offers its own dynamics and each group has their own marketable skill sets and appetite for expansion. An MSO resource bringing a wide range of experience to the table can customize your strategic plan to best optimize your performance as a business in your unique environment.

So, even in a world of giants, there will always be a place for strong, high quality local groups, but having professional support can certainly help such groups continue to thrive. If you are a small to mid-size group and want to level the playing field, consider engaging an expert anesthesia MSO organization to solidify your position at existing facilities, map out plans for growth, and ultimately to help drive your business practices and performance.

