
ANESTHESIOLOGY 2012

TRANSFORMING PATIENT SAFETY THROUGH EDUCATION AND ADVOCACY

Anesthesia Practice Trends: What is Changing? What Does it Mean?

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Overview

Socioeconomic, generational and political forces are changing the organization of anesthesia practice. The changes include a movement from full-time clinicians practicing primarily within individual hospital departments of anesthesiology, employed by a corporation they formed that bills patients for anesthetics they administer, and compensates them on a basis they have set up with their corporate partners. The movement is towards flexible work arrangements for clinicians; multiple employers; integration of anesthesia care within multi-institutional and multi-specialty systems; compensation mechanisms that include quality and other performance measurements; and fewer, larger, more dominant, evolving hospitals within markets. Individual anesthesiologists often find these changes surprising, disruptive, and threatening. Understanding the drivers of these changes and what is valued in new practice arrangements facilitates adapting to them. Individual anesthesiologists can find much benefit and personal satisfaction among the choices of newer practice arrangements.

Trend: Demand for anesthesia services is increasing, with more anesthetics administered outside traditional surgical suites

The demand for anesthesia services is increasing as more surgery is being done per year, anesthesia is needed for more procedures outside the surgical suite, and anesthesiologists assume broader roles within institutions. Anesthesia demand for endoscopic procedures has remained high, while cosmetic surgeries, largely office-based, are recovering from the economic recession. The American Society of Plastic Surgeons reports 13.8 million cosmetic procedures in 2011, of which 1.6 million were cosmetic surgeries. Anesthesiologists are increasingly involved in office-based surgeries and procedures. Groups generally cannot provide anesthetics outside surgical suites with the same efficiencies that they can within surgical suites, further increasing the demand for anesthesia practitioners.

A recent search of gaswork.com, the largest internet listing of open positions for anesthesia practitioners, showed 679 positions for anesthesiologists and 573 for nurse anesthetists.

Rand Corporation in a 2010 study predicted a shortage of 4,479 anesthesiologists and a surplus of 7,970 nurse anesthetists in 2020. 1

Trend: Percentage of mid-level anesthesia providers is increasing

The membership of the American Society of Anesthesiologists is 47,000, while the membership of the American Association of Nurse Anesthetists is 40,000. Estimates of the number of anesthesiologists and nurse anesthetists currently practicing are 40,000 each. Approximately 1600 residents in anesthesiology and 2500 nurses in anesthesia training programs finish each year and enter practice. The membership of the American Academy of Anesthesiologists Assistants is approximately 1000, with approximately 200 per year expected to finish training for the next few years. Although anesthesiologists currently constitute 50 percent of anesthesia practitioners, this percentage seems likely to decline towards 40 percent over the next decade as more mid-level providers than anesthesiologists enter practice. This change will facilitate the practice of anesthesiology in team or medical-direction modes.

Trend: More anesthesiologists are working less than full-time

A 2011 survey of physicians performed by Cejka and the American Medical Group Association identified 22 percent of male physicians and 44 percent of female physicians as working less than full-time, up from 7 and 29

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percent in a similar 2005 survey.² The survey authors related this to two of the fastest growing demographics – men near the end of their careers and women at the beginning or middle. The desire of these groups and others for part-time work, combined with the strong market for anesthesiologists, has led groups recruiting new members to become more flexible in work arrangements.

Anesthesiology practice is more complex and demanding than ever before, and many physicians feel “burned out” with full-time practice.³

Locum tenens is an increasingly popular mode of practice, with national companies that specialize in locums placements facilitating entry into this practice mode. Three in four healthcare organizations used temporary physicians during the last year, and a survey by Staff Care, a locums staffing company, found 41 percent of healthcare organizations currently looking for temporary physicians.

Trend: Hospital employment of anesthesiologists is increasing

Hospitals are acquiring primary and specialty practices and employing physicians to position themselves better under various emerging payment scenarios, especially those that favor integration of care. Hospitals that employ anesthesiologists may be able to control costs and improve quality better than through contracting with independent groups, thus positioning themselves to compete for greater market shares and profits.⁴ Large dominant hospital systems have more power to negotiate high payment rates.⁵ Hospitals are merging at an increasing rate to achieve better bargaining positions. A consulting firm valued the top 10 hospital mergers in 2011 at \$5.6 billion, up from \$3.8 billion in 2010.⁶

Many anesthesiologists find employment with large institutions more secure than with small contracted groups. For anesthesiologists, who are already hospital-based, direct employment may represent less of a culture change than for other specialties. Those accepting hospital employment can generally expect a shift from a guaranteed salary to incentive-based compensation linked to productivity and clinical behavior, with base compensation that is lower than their previous earnings but incentives that can increase it to that level or higher.⁴ Employment of anesthesiologists is a logical extension for hospitals from contracted group subsidization that has reached a point where employment would not cost much more. Subsidization of groups had reached 80 percent of hospitals by 2007,⁷ and grown to \$109,000 per faculty member by 2008.⁸ Many arrangements for hospitals to support and direct anesthesiology groups are possible, and may succeed.⁹

A recent Price Waterhouse Institute survey reported 46 percent of physicians are interested in hospital employment.⁶

Ultimately hospitals or ambulatory surgery centers that gain sufficient market clout can pressure anesthesiologists to accept employment in entities with which they contract for services and then pay the anesthesiologists less than the revenue they generate. Some of these arrangements are abusive and may be illegal. Under a “company arrangement” for ambulatory surgery centers anesthesiologists are forced to share a portion of their professional fees with the owners of the ASC in order to obtain access to their patients.¹⁰

Trend: Healthcare reform is changing the organization and priorities of anesthesia practices

Healthcare reform legislation has led to the increasing roll-out of federal regulations. Physicians have many requirements under these regulations, e.g. the adoption and use of electronic health records, prescribing of medications electronically, upgrading of payment claims and refund systems, and reporting of practice quality information. The frequency and diversity of these regulations makes implementing them difficult, while the rewards and penalties associated with them makes failing to implement them costly. Federal regulations are thus a driver of practice consolidation to achieve adequate size, expertise and capital to implement new regulations.

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High healthcare costs are driving reform, and spurring payment innovation. In 1950, health expenditures accounted for only 4.6 percent of United States gross domestic product, while in 2009, they accounted for more than 17 percent.¹¹ A perceived cause of the high costs is lack of coordination among healthcare providers with waste of resources. Innovation is thus focused on new models that improve coordination and efficiency, such as accountable care organizations and bundled payment programs. The American Society of Anesthesiologists has endorsed a perioperative or Surgical Home™ model where anesthesiologists coordinate and manage surgical patients to reduce complications and improve efficiencies and cost-effectiveness of perioperative care.¹² A nascent trend is thus for anesthesiologists and practices to assume more responsibility throughout the perioperative process.

Another result of the increasingly difficult economic and political situation for healthcare is that the number of hospitals in the United States is decreasing. This means fewer competing institutions in some markets, and is another driver for larger groups. The hospitals closing or being acquired by mergers are frequently critical access hospitals, those with 25 in-patient beds or fewer. Some of these hospitals are staffed only by nurse anesthetists, and after closure their patients are cared for in larger institutions where anesthesiologists direct care.

Trend: New technology is leading to more specialization and increasing compensation for subspecialists

Ultrasound guidance of nerve blocks, catheter placements for continuous pain therapy, echocardiographic imaging of cardiac function, and real-time use of digital information for decision support are examples of desired skills for anesthesiologists. Recruitment and retention of anesthesiologists with these skills has increased the value of younger and fellowship-trained physicians. Many practices pay bonuses for these skills and have reduced or eliminated the traditional increase in incomes for practice longevity.

Trend: Anesthesia practices are growing in size, and expanding nationally

More than fifteen anesthesia practices in the United States exceed 500 clinicians or work in three or more states.¹³ Three national anesthesia practices are publicly traded companies, seeking acquisition and growth opportunities. Anesthesiologists joining these national practices generally express satisfaction with them.

Trend: Business skills are increasingly valued in anesthesiology practices

Payers are focusing on costs and quality, requiring practices to justify their payments. Practices that lead in these areas have a market advantage. This requires a multitude of skills in practice leaders, including strategic analysis, budgeting, managing, communicating and technology use. These skills are learned in business and management courses, and practices seek members who have them in addition to anesthesiology knowledge.

Anesthesiologists with MBA degrees are increasingly common. The ASA offers a Certificate of Business Administration course that approximately 100 anesthesiologists per year attend. Attendance at the ASA Practice Management Conference is increasing annually, with more than 800 present in 2011.

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DISCLOSURE

Anesthesiology News, Self, Honoraria