Anesthesia Alert: In or Out of Love With Your Anesthesia Group?

Before you switch providers, consider the true cost of divorce

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When I was a kid growing up in Los Angeles, there was a television show that I loved to watch: the original Divorce Court. You see, at the time, California required grounds for divorce, and the show proffered up titillating tales of deceit. But just across the border in Nevada, one could quickly obtain “residency” and snip marital ties on a whim.

Just like a 1960s Reno divorce, earlier this year, Olean (N.Y.) General Hospital ended its 24-year marriage to Southern Tier Anesthesiologists.

We still love you, but, we’re in love with someone else who spends less on clothes stipends.

Apparently, it was the “for richer or for poorer” part of the marital vows that pushed the hospital over the edge. According to a letter obtained by the Olean Times Herald, Olean General Hospital stated that Southern Tier’s bid for the renewal contract would have cost it too much: “It is simply not feasible for [Olean General Hospital] to pay millions of dollars more than necessary over the life of the ... contract.”

Love and money

Of course, none of us are privy to the inside terms of Southern Tier’s proposal for stipend support from the hospital and none of us know what the successor group proposed. Southern Tier claims to have done its best to meet any offer. But the hospital says there was a great gap. And, it’s reported that the hospital lost $3 million the previous year. How and why they lost it is anyone’s guess, but it’s unlikely that it was significantly due to Southern Tier’s contract.
We love you, but what have you done for us lately?

Again, we don’t have any specific facts, but query whether it was only an issue of money that led the hospital to take “bids” for Southern Tier’s anesthesia contract after a 24-year relationship. Maybe the relationship had become stale. You, know, a “commodity” (at least in the mind of the hospital CEO and perhaps in the collective mind of Southern Tier).

Although it’s impossible for personal services of any kind to actually be a commodity, it’s a mind virus with legs. Yes, after 24 years of marriage, it was time for a change. But will the successor anesthesia group be a “trophy wife” or bring staffing strife? Only time will tell.

But either way, there’s actionable insight to be gleaned, marriage counseling, if you will, that can help you negotiate, create and nurture a stable and beneficial relationship with your facility’s anesthesia group.

There’s a tendency to focus on the amount of stipend support in an anesthesia contract or proposal. But the reality is that dollars are a representation of value. If you believe that you’re receiving something worth more to you than the worth of what you’re giving up, then you perceive value in the deal. And the determination of value in the context of an exclusive anesthesia agreement involves multiple factors. Recognizing those factors and the way they can be adjusted, exchanged and offset through negotiation is an essential element of smart contracting.

In that context, the issue is not just the amount of financial support paid to a group, it’s what your facility is receiving, on all levels, from the relationship. On a very basic level, there’s generally room to negotiate the intensity of coverage, which may change both your and the anesthesia group’s perceptions of an appropriate dollar amount.

Diving much deeper, what other value should you request from your anesthesia group that enhances value? Can the anesthesia group provide enhanced programs for lines of surgery, the capture of surgeon efficiency data, and turnover time initiatives that create significant value for your facility?
Negatives, too, must be considered in determining value. A successful relationship with an anesthesia group can make or break the economic efficacy of your facility’s moneymaking engine: its operating rooms. What’s the cost of a botched anesthesia group change? In that context, a million-dollar “overpayment” in stipend support would impact your facility less than the loss of millions per month in OR revenue. We can divide costs into many categories:

- the cost to the facility itself of a less efficient and less effective anesthesia group;
- lost political, referral base, and community support; and
- the career cost to those who made the decision.

Mail-order spouse?
Many facilities make the mistake of turning to a request for proposal, or “RFP,” process to select an anesthesia group. But that’s like responding to, or worse, running, an advertisement for a mail-order spouse. Dictating what you want and then evaluating against it (that’s an RFP in a nutshell) completely guts the fact that:

- you should be drawing equally or more from the expertise of an existing or potential anesthesia group as to what you actually need; and
- you’ll likely gain far more from discussions and negotiations with one or more groups as opposed to only the RFP’s “winner.”

Don’t fool yourself: Every anesthesia group knows that a response to an RFP is just the start of negotiations. It’s a first date, not even an engagement party. Don’t fool yourself into thinking that an RFP gives you control, when the reality is often quite the opposite and that like any auction process, it comes with high odds of the “winner’s curse.”

Take a bit of advice from polygamists: Spread the love around and negotiate with multiple parties if you’ve made a real decision to switch groups.

But before you make that decision, consider whether the long-term advantage actually lies in healing the relationship with your current anesthesia group. How hard did you actually try to make love work?

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