

Editorial

Combating Anesthesiology Commoditization through Visibility and Customer Value in the United States

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The news shocked the Western Pennsylvania regional Anesthesiology community; a large and respected Anesthesiology group lost their contract at several area hospitals, replaced by an out of state Anesthesiology management group.

In the United States (US), hospitals most frequently contract for Anesthesiology services. Anesthesiology management companies are proliferating rapidly, thriving on the commoditization of Anesthesiology care with polished sales pitches aimed at hospital leaders who must reduce cost in the current US healthcare economic environment. To counter the commoditization of Anesthesiology care, groups must offer their customers (patients AND hospitals and surgeons) unique demonstrated value. This can be achieved by expanding their core business to focus on their customers, becoming an engaged partner in the success of the hospital by bundling added services with their core business, increasing individual Anesthesiologist and overall group visibility within the hospital and healthcare community, and demonstrating the value of the care provided.

Often, Anesthesiology groups define their core business only on the delivery of anesthesia care, based on the desires of the members of the Anesthesiology group, and the financial incentives surrounding anesthesia practice. Refining the core business of Anesthesiology with attention to operational excellence and continuous improvement focusing on the specific requirements of each customer is essential in preventing commoditization. Examples include establishing effective pre-anesthetic evaluation processes that will prevent delays and cancellations, providing needed expertise for acute interventional perioperative pain management, procedures for allocating expertise for complex anesthetics, and development of evidence based, standardized post-anesthesia care protocols to limit complications and recovery time. Care should be made that the quality of delivery of the core business cannot be challenged, and that the scope of the core business is based on customer need.

Many Anesthesiology groups are viewed as a necessary cost by the hospital rather than a partner in the hospital's success. Compelling

value distinction can be provided with engagement of the group in contributing to an effective and efficient delivery of surgical care. In many ways, incentives are aligned between the Anesthesiology group and the hospital in delivery of surgical care, with inefficiencies in care delivery increasing costs for both the group and the hospital. Groups must engage with the hospital as part of the surgical services management group with input in strategic, tactical, and operational decision making. Development of efficient coverage expectations and resource management processes can result in significant savings in hospital personnel cost and reduce the cost of Anesthesia resources with added hospital savings from reduced need for subsidy. Effective Anesthesiology OR management leadership in handling patient flow, add-ons, and emergencies and efficient personnel management to ease load, can reduce resource cost and improve the group's relationships with surgeons and the hospital. The Anesthesiology group becomes a partner in the success of the hospital by influencing cost and providing needed management expertise.

Over the past several decades, in most US Anesthesiology practices, the scope of the Anesthesiology care has diminished; critical care medicine has become as its own specialty, new technology and core training in airway management by other specialties has reduced visibility as airway specialists, and most practices are no longer the preferred consultants for placement of central lines, spinal taps, or even chronic pain management. Economic realities have driven groups to focus on the reimbursable activity of delivery of anesthesia services, not recognizing the importance in preventing commoditization through visibility, collegial relationships, and other non-reimbursable value added activities important for hospital and medical staff functions. Delegation of inpatient pre-operative and post-operative evaluations has reduced the visibility of Anesthesiologists on inpatient floors. Production pressure has decreased collegial interactions with surgical colleagues. Anesthesiology often is without representation or visibility in important hospital and medical staff committee and management functions. Anesthesiology has unique expertise surrounding many current regulatory and hospital management matters, including moderate and deep sedation, blood management, obstructive sleep apnea, and surgical services management and can provide significant value in the development of processes and policy. Furthermore, Anesthesiology oversight of sedation services and mentoring support to other departments for central line and airway skills can provide value and nurture inter-departmental relationships. Customer loyalty and brand equity depend on fostering relationships. Anesthesiology groups must participate fully as members of the medical community to cultivate these relationships.

In the US, healthcare reimbursement models are shifting from fee-for-service models to value based, evidence based care models tying reimbursement to quality metrics and reductions in total cost of care. The perception of an Anesthesiology group as easily replaceable must

be countered with evidence of the value of a group's Anesthesiology care delivery to both patient outcome and cost of care delivery. It is imperative that Anesthesiology group leadership continually articulate in an evidence based way Anesthesiology's contribution to value. Anesthesiology groups should welcome the collection of comparative performance metrics to allow performance comparisons to national and regional benchmarks, and hospitals should partner with their Anesthesiology groups in data collection to demonstrate value of Anesthesiology activities.

In the US, Anesthesiology groups are increasingly vulnerable due to hospital economic factors and the lack of demonstration of differentiated value by the group. Hospital leadership will likely consider the "bargain" promised by an aggressive Anesthesiology

management company if the group has not demonstrated value beyond standard core anesthesiology business. Anesthesiology groups can combat this commoditization by refining and expanding their core business, focusing on all customer needs, bundling other value added activities such as OR management and hospital and medical staff committee work to this core business, increasing visibility in the medical community, fostering relationships with hospital administration and medical colleagues, and continual demonstration of value of the care that is delivered. Anesthesiology groups must understand the drivers of hospital success, identify and implement opportunities for added customer benefit, and be recognized as partners in the success of the hospital.