Profitability and Cost Management

SUCCESS STORY

New Management Models and Quality Methods Increase Practice Profitability

AllCare Clinical Associates, Asheville, North Carolina

AllCare Clinical Services, PA, was founded in 1971 and is one of North Carolina’s largest private and physician-owned anesthesia groups. It provides anesthesia, pain management and perioperative services for nearly 80,000 cases each year. The practice employs more than 200 anesthetists, anesthesiologists, pain management clinicians and business professionals. It serves private practices, pain management clinics, community hospitals and trauma centers.

Alan McKenzie is chief executive officer of AllCare. He is a former United States Army officer and currently serves in the North Carolina Army National Guard. With this background, McKenzie understands the discipline and teamwork that are needed for an organization to be successful.

“We have a strong governance structure and empowered staff members who work well with each other, and with the hospitals and patients we serve,” says McKenzie. “In addition to the anesthesia services we provide, our clinical and administrative executives work as a team to assist our facilities with surgeon relations, strategic planning, quality improvement and patient safety initiatives. We are committed to helping our facilities increase case volumes, improve operating room efficiencies and attract needed proceduralists and surgeons to the community. We currently provide anesthesia and pain management care for 12 regional, county and community medical centers.”

The practice considers itself a partner with the facilities where it practices and works in concert with them to optimize pre-operative, intra-operative and post-operative patient care processes. It works closely with all of its facilities to help ensure that they maintain accreditation with The Joint Commission, which certifies more than 20,500 healthcare organizations in the United States, as well as other inspection agencies.

Because McKenzie oversees the work of the practice, cost management is very important to him. “Our governance leadership structure is very focused on managing our costs; our business office handles every aspect of anesthesia clinician scheduling, billing and collections, benefits management and recruitment and retention services to help keep them in line.”

McKenzie points out that anesthesia services are billed differently than any other medical specialty. “The revenues are largely determined by time spent in the operating room, and there’s always downtime for the anesthesiologists between cases. We have to justify all of our costs to the hospitals where we practice in order to renew our contracts or when we are trying to get business from a new client. One thing we try to instill in our staff is that costs are more controllable by the practice than revenue.”

Dyad Organizational Structure

When determining new initiatives, programs and processes, the practice’s governance has adopted the “dyad” model as part of its management structure, which is much like the Medical Group Management Association® (MGMA®) concept of a physician-administrator team. The term dyad refers to two people involved in an ongoing relationship or any interaction between the two.

Most organizations use a traditional operations model, with a management structure that consists of a team of supervisors, managers and directors working under the leadership of a senior executive to discuss, coordinate and implement organizational initiatives.

In healthcare, when the dyad model is used, the operations model usually remains intact, but a physician is paired with a practice administrator to come together (thus, a physician-administrator team) in an integrated fashion to discuss a particular aspect of the practice. The inclusion of the physicians in the management process helps to provide support for managerial recommendations.
"Physicians may think that they should just practice medicine, but they provide insight and expertise that managers don't have," affirms McKenzie. "The dyad model allows for physician engagement and input that builds trust and confidence in the decisions that are made, which results in faster and more complete compliance. The productivity and efficiency improvements that come from the dyad system increase the profitability of the practice, which benefits everyone."

McKenzie explains that the dyad model helps to bridge the gulf that can sometimes occur between management and physicians when trying to improve processes and constrain costs. "The main concern of physicians is to help and heal the sick, which is of course important to everyone at the practice, but the administrators need to engage physicians in the business side of the practice, because they can help to improve things like workflow, safety and the patient experience, which improves the bottom line."

Using a dyad model does come with its own costs. At the practice, the administrative directors are paired with the chairs from the governance leadership structure, who are physicians (see Figure 1). The executive committee meets every month, other committees meet every other month or every quarter and the board of directors conducts meetings three times a year.

The physician/manager dyads are in regular contact, and may have several meetings and phone conferences each month preparing for and following up on their meetings. McKenzie explains that "the organization needs to invest both time and money for physicians and managers to meet, and when physicians are in meetings, it takes time away for their income-producing clinical services, but in the long run, it is time well spent."

The practice also includes physicians on its Information Management Advisory Task Force. The group, which also includes IT consultants and relevant staff members, reviews the practice's current technology (both administrative and medical) and makes recommendations for updates and upgrades. McKenzie asserts, "We want to remain on the cutting edge in all areas of our business."

**Practice Expansion**

Following an extensive strategic analysis, led by its Strategic Options Committee, the group established an
active outreach and marketing effort to promote the growth of the practice. One of its physicians was named clinical director of business development, and an administrative support team was formed to respond to hospitals requesting proposals for anesthesia services. “Since 2013, the practice has added four new clinical sites, which has helped to increase our business,” says McKenzie.

In addition to increasing the number of sites it serves, the practice also recognizes that chronic pain occurs in one third of all Americans (more than 100 million people) and is one of the most common reasons for a visit to the doctor. However, limited access to pain care is a major issue for many communities. Says McKenzie, “By working with our community hospitals, we expanded the scope of care we provide and were able to offer local pain services, keeping these patients in their own communities. Many of the primary care physicians and general surgeons who have referred pain patients to us very often will use our anesthesia services.”

McKenzie maintains that, as a growing physician-owned practice, these sites offer an alternative to hospital or corporate employment for anesthesiologists and certified registered nurse anesthetist (CRNA) personnel. “Each new site only adds a marginal cost for the practice,” he reveals, “but the increased business has been a key element in maximizing the return on administrative costs.”

Audits and Education
The practice also controls costs through anesthesiologist and CRNA education on billing documentation. “When services are billed to patients, they must be coded based on the documentation the physicians have dictated in the patients’ charts to receive payment from the insurance company,” states McKenzie. “This ensures that revenue cycles function optimally and efficiently, and fewer claims are denied.” The practice invests in its physicians and employees by funding education opportunities that can help them do their jobs better. According to McKenzie, “We want our leadership to learn the most recent trends in human resources, finance, personnel, benefits and other management issues. The North Carolina Anesthesia Practice Managers Association, North Carolina Society of Anesthesiologists and American Society of Anesthesiologists are all great resources for us, offering classes and online tools.”

The practice also judiciously uses independent consultants to conduct periodic audits to review its coding and billing procedures. “The outside consultants make sure that we’re using the latest protocols,” notes McKenzie. “We have an ongoing schedule for random billing audits and a full coding audit once a year. We have several companies on retainer to address documentation and compliance issues as needed.”

Strategic Investment in Technology
The practice reassesses each of its IT systems every other year to ensure that it is achieving maximum benefit from the technologies it uses. Its computer network is also regularly assessed and upgraded. “We conduct system audits on a rotating basis to make sure our billing, human resources, payroll, scheduling and time and attendance systems are proving cost- and time-efficient,” states McKenzie. “Our largest expense is personnel and the correct technology is critical.” At its main trauma center location, the practice uses the Cerner Anesthesia Information Management System (AIMS), and one of its anesthesiologists worked with a Cerner programmer to tailor its product to complement current processes. “The system supports fast and accurate clinical documentation and helps to reduce the risk of medical errors,” McKenzie explains. “It gives us a complete and legally sound electronic health record that allows the medical and administrative staff to share patient history and current conditions as the phases of care progress.”

McKenzie notes that the practice customized the system to assist with cost management by offering the following:

- Formulary references for allergies and medication to increase patient safety;
- Procedure templates that improve the documentation process;
- Capture of physiological data for anesthesia accuracy; and
- Cross-checking for adverse events to reduce medication errors.

Quality Management System and Initiatives
The practice believes in continuous quality improvement (CQI), a system that seeks to improve the provision of services with an emphasis on future results. It participates in Medicare’s Physician Quality Reporting System and has developed a proprietary AllCare CQI Data Capture® method to collect information and document the quality of its anesthesia services. “Data is obtained from patients and reviewed to determine process improvement opportunities, and it is also used to facilitate Ongoing Professional Practice Evaluation compliance,” says McKenzie.

The method created by the practice measures not just compliance, but also healthcare quality. The data is gathered and evaluated, and, as McKenzie stresses, it is, most importantly, acted upon: “If you don’t take action on the findings, and make changes where it’s appropriate, the entire process is just a waste of time.”

Some of the practice’s CQI results for 2013 were:

- 99.9% — No dental complaint
- 99.8% — No eye complaint
• 99.7% — Antibiotics ordered and infused per Surgical Care Improvement Project guidelines
• 99.4% — Vomiting avoided
• 98.5% — Post-Anesthesia Care Unit arrival temperature greater than or equal to 36°C (96.8°F)
• 97.5% — Nausea avoided
• 96.6% — Pain level treated to satisfaction

“We review all of the data we receive from patients and look for areas of improvement, both from our staff and that of our facilities,” says McKenzie. “These numbers rank well above national averages and are a direct result of the constant efforts we make to give our patients excellent service.”

The practice supports the Anesthesia Patient Safety Foundation, a national organization that works to continually improve the safety of patients during anesthesia care through research, education and patient safety programs. It was also one of the first participants in the American Society of Anesthesiologists’ Anesthesia Quality Institute and its National Anesthesia Clinical Outcomes Registry program, helping to improve patient care.

The quality data has also allowed the practice to get more competitive bids from insurers for malpractice premium costs that are well below the national average.

“Another way we beat national averages is through effective use of allied health professionals,” McKenzie expands. “The national ratio is 1 physician to 2.1 CRNAs, and we have achieved a ratio of 1 physician for every 3.8 CRNAs while excelling in terms of documented quality. For this to work, we have to have strong clinical processes and CRNAs who are well trained. We’re dedicated to ensuring that high-quality care is provided through our cost-effective anesthesia staffing model.”

**Mission and Guiding Principles**

AllCare’s mission is to provide safe, quality care for the patients it serves, and its guiding principles are based on quality and teamwork. “Our patients are at the center of all that we do,” affirms McKenzie (see Figure 2).

“Internally, our patient-centered teamwork is demonstrated by its dyad structure, or physician-administrator team concept; externally, AllCare’s anesthesiologists and CRNAs demonstrate their teamwork by effectively interacting with each other, the surgeons and operating room personnel,” he says. “We all work together to ensure that all of our processes, both internally and externally, meet the standards for high quality and cost-efficiency we have set for ourselves.”

**Figure 2. AllCare’s patient-centered philosophy**