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## ANESTHESIOLOGY GROUPS CONFRONT THE FOUR Fs – Part 2

BY: MARK F. WEISS, J.D.

*The following article is the second in a two-part series, by Mark F. Weiss, JD.*

In the previous installment (see *Anesthesiology News*, October 2007, page 30), I explored several of the specialty-wide trends certain to affect the future of anesthesia practice. Briefly, those trends are:

- increasing competition as a result of outsourcing of surgeries abroad and hospital closures;
- competition from certified registered nurse anesthetists (CRNAs) and the increase in the popularity of complementary and alternative medicine modalities;
- decreasing reimbursement as a result of hospital pressure to reduce stipends, growing entitlement programs and decreasing reimbursement relative to rising costs; and
- complicating expectations—the expression I use to describe hospitals’ desire to control anesthesia—and newer anesthesiologists’ desire to avoid control by groups.

If anesthesia groups do not engage in what I call a “Focus on the Future” and plan for the impact of these and other trends, they are sure to fail.

### **Focus on the Future**

Focus on the Future is a process by which group leaders identify the trends facing the specialty as a whole, including those identified above, as well as those particular to the group. They use what they learn to develop a plan to maximize the chances for the group’s continued success.

### **The Assessment Stage**

The first step in the process is an audit. Although the broad trends have wide impact, the degree to which a particular trend affects a particular group varies. Groups tend to have issues unique to their situation. Both broad and specific trends have an impact, but that impact is often hard to see or simply ignored in light of everyday group practice obligations and concerns.

Consider the case of the Dry Creek Group, a fictional—but by all respects representative—anesthesia group in Anywhere, Calif. After several smooth and profitable years, Dry Creek faced a growing challenge from a CRNA corporation that had succeeded in convincing the local hospital that it should receive half of the anesthesia schedule. The hospital had begun taking advantage of significant CRNA coverage, forcing Dry Creek into a tight management relationship with a hospital-owned management services organization (MSO).

The CRNA group and the hospital were leveraging a situation specific to Dry Creek—a revolt by several of its members—that left the group splintered and unable to provide as much coverage as it had in the past. The dissidents' ability to revolt was strengthened by both the national shortage of anesthesiologists and the abundance of job openings at other facilities within a comfortable commute, another local trend.

A thorough first step in the Focus on the Future process would have involved a series of investigations and discussions with the group's leaders and members. These would have included an examination of intragroup issues and the group's relationship with the hospital and other third parties, an identification of potential competitors and a dialogue about where the group wants to be three years into the future.

In retrospect, the CRNA corporation had been providing services at a neighboring facility for years, and its incursion into Dry Creek's main facility was a natural progression. Hospital administrators had been complaining for months about the antics of the dissidents and the coverage issues that resulted. Yet the group thought that, given the shortage of anesthesiologists, it could safely ignore the hospital's concerns. The hospital had been supplying billing services through its MSO for some time, yet Dry Creek did not comprehend that the situation could expand easily, from an administrative perspective into a broad mechanism of control. And, had anyone considered it, the number of job openings for anesthesiologists within a reasonable commute from Anywhere had grown over the past year.

### **The Initial Correction**

The second step in the process, again facilitated by dialogue, is to develop and then implement strategies to deal with the trends and challenges affecting the group's current situation. For Dry Creek, this would have meant forging a grand strategy to preserve its foothold at the hospital. Had it been able to catch the split in time, the group would have realized that the defections sprang from a lack of effective governance. Reorganizing group structure may not have averted a split entirely, but it would have minimized its impact, lessening the degree to which locums were

required. The group would have worked to develop allies on the medical staff and to involve them in creating political support within the medical staff and hospital administration. These steps would have lessened the opportunity for any competitor to seize a share of the work.

### **Plan for the Long Haul**

Although the longest journey starts with a single step, if you don't know where you're going, you won't know where to direct that first stride. The third stage in the process is to plan for the long term. Again, the process employs matching strategies with the identified trends in the course of setting an overall strategic plan for the group's business and then deploying tactics to achieve it. By devoting serious thought toward future goals and then regularly working on strategies to achieve them, the imagined future is a guide toward that result.

For Dry Creek, this strategizing would have led to the realization that the group needed to preserve and then expand its business in order to defeat the competition, escape the hospital's meddling in its business affairs and improve its overall success. Particular actions might have included lobbying the medical staff for bylaws changes to defeat CRNA incursions, expanding the scope of the group's services to make it more difficult to be replaced, embarking on a program to urge hospital executives to become more involved in providing management services and expanding the number of facilities the group covers.

### **Conclusion**

Anesthesia groups will not simply fail to thrive; they will fail to survive unless they engage in a thorough examination of both the general trends and specific challenges they are facing. By focusing on the future, it is possible to correct current deficiencies, establish long-term goals and develop the necessary strategies and tactics to achieve those ends.

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Mark F. Weiss is an attorney who specializes in the business and legal issues affecting anesthesia and other physician groups. He holds an appointment as clinical assistant professor of anesthesiology at USC's Keck School of Medicine and practices with the Mark F. Weiss Law Firm, a firm with offices in Los Angeles, Santa Barbara and Dallas. He can be reached by email at [markweiss@advisorylawgroup.com](mailto:markweiss@advisorylawgroup.com) and by phone at 800-488-8014.

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