Developing an Anesthesia Practice: How to Begin

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Chief Executive Officer
Anesthesia Staffing Consultants, Inc.
What Are Entrepreneurs?

• Someone who understands personal economic risk to create a new organization that will exploit a new technology or innovative process that will generate value to others

• He goes on to say:
  – That entrepreneurs are “mutants” meaning they seem different in their vision, their passion, and their energy
  – They are unlike most people in that they are a little crazy
  – Furthermore entrepreneurs are perennially optimistic: to them the glass is always half full
  – Entrepreneurs think that optimism leads to opportunity

*Carl J. Schramm, The Entrepreneurial Imperative*
What Are Entrepreneurs?

- People who will work sixty hours per week for themselves so they don’t have to work forty hours for someone else.
HBDI Analysis

Entrepreneurial Mindset

- Bias Toward Analytical Data
  - Lean toward ‘Long Term/Technically Advanced’ Solutions

- Bias Toward Innovation
  - Lean toward ‘Short Term Trials that will Test Hunches’

- Bias Toward Pattemed Data
  - Lean toward ‘Low Risk/Low Change’ Solutions

- Bias Toward a Known Source
  - Lean toward ‘People Oriented/Socially Desirable’ Solutions
Motivating Factors

– Cash v. Control

– The “Aim”

Michael Gerber, The E-Myth Revisited

• What do I value?
• What kind of life do I want?
• What do I want my life to look and feel like?
• Who do I wish to be?

– Begin with the End in Mind

Stephen R. Covey, The 7 Habits of Highly Effective People

• Based on the principle that all things are created twice. There’s a mental or first creation, and a physical or second creation to all things.
The Entrepreneurial Process

The Entrepreneurial Seizure
  • The “Ahaa!” moment

The Fatal Assumption
  • If you understand the technical work of a business, you understand a business that does technical work
  • Exhilaration, Terror, Exhaustion, Despair
  • The technician suffering from an entrepreneurial seizure takes the work they love and turns it into a job

*Michael Gerber, The E-Myth Revisited*
The Entrepreneurial Process

Opportunity Recognition

Overcoming Entry Barriers

Operational Competencies

New Venture Creation

Figure 1  Simplified version of the process model of entrepreneurship
Adapted from Bhave (1994)
The Entrepreneurial Process

- Opportunity Recognition - ASC
  - “Thumb Area” rural hospitals with similar delivery models and operational difficulties.
  - Michigan was behind the national curve in physician owned ambulatory surgery centers.
  - Systematic approach to small center volume fluctuation was lacking.
  - Poor Billing and collection for CRNA services.
The Entrepreneurial Process

Opportunity Analysis

• Contracting Entity – Who will I sign a contract with?
  • Hospital, Management Company, Surgeons, Anesthesiologists, CRNAs
• Financial viability
• Decision makers and governance
  • Equal partnership PCs
    – Management Committee
  • Corporate
• Exclusivity
• Equipment and supplies
• Office Space
• Access to medical records and patient information
The Entrepreneurial Process

Opportunity Analysis

• “Company Model”
  – Physician owned center obtains anesthesia billing number and employs or contracts with anesthesia providers
  – Most often single specialty GI centers
  – Beware of anti-kick back violations
    • Get formal legal review
  – Opposed by ASA
  – AANA Neutral
The Entrepreneurial Process

Opportunity Analysis

• **Revenue Analysis**
  - Fee For Service
    • Case type
    • Case volume
    • Payer mix
      - Medicare
      - Medicaid
      - Commercial
      - Self/No pay
  - Average case times

- **Cash**
  - Direct Patient Payment
  - Facility or Surgeon
  - Free/Professional Courtesy
    - Cosmetic Revisions
The Entrepreneurial Process

Opportunity Analysis

- **Revenue Analysis**
  - Revenue Guarantees
    - Per Room
    - Per Month, Year
    - Flexible/Utilization
    - Cash v. Accrual
  - Fixed Subsidies
    - OB
    - Administrative
    - Trauma
    - Hearts
  - Flat Management Fee
The Entrepreneurial Process

Opportunity Analysis

- Expense Analysis
  - Services
    - Clinical
    - Non-Clinical/Administrative
  - Surgical Block Schedule/Hours of Operation
  - OR Efficiency
  - Call/Call Back
  - OB/Continuous Labor Epidurals
  - Cash Flow
    - Time Value of Money
The Entrepreneurial Process

Opportunity Analysis

• Expense Analysis
  – Taxes
  – Vacation/CME
  – Recruiting/HR Expense
  – Legal
    • Corporate Organization
    • Contract Review
  – Accounting
  – Clerical
  – Billing
    • Billing Entity/Provider Number
    • Commercial Contracts
The Entrepreneurial Process

Overcoming Barriers to Entry

• Legal and Regulatory
  – Billing and Reimbursement
  – Fear of malpractice lawsuits
  – Prescriptive Authority
  – Prohibitions to physician/nurse partnerships

• Knowledge Deficits
  – Business planning
  – Basic accounting and financial management
  – Access to essential resources – banking, legal, accounting, billing, administrative support
The Entrepreneurial Process

Operational Competencies

- Practice Management
  - Clinical Care
    - Scope
    - Methods

- Business Operations
  - Financial Management
    - Billing
    - Accounts Receivable
    - Accounts Payable
  - Human Resource Management
    - Recruiting
    - Scheduling
    - Employee Assistance Program
  - Information Technology
  - Marketing
ASC’s Competitive Differentiation

Customer Service
  – We internalize our customer’s goals and go to work for them

Flexible staffing
  – Peak v. Trough staffing templates.
  – Optimize staffing efficiency.
  – Economics drive care delivery models

• All CRNA
• Collaborative/Consultative
• Medically Directed

Flexible Financial Arrangements

Professionally Satisfying Family Friendly Jobs
  – Our clinicians are our “internal” customers

Turn-Key, Contract Management
  – Locum Tenens Agency v. Anesthesia Group Philosophy
New Venture Creation

• Business Plans
  A selling document that conveys the excitement and promise of your business to any potential backers or stakeholders

  – Traditional
    • Cover Page
    • Executive Summary
    • Table of Contents
    • The Business Concept
    • The Management Team
    • Market Analysis
    • Process Analysis
    • Organizational Plan
    • Marketing Plan
    • Financial Plan
    • Growth Plan
    • Appendices and Supporting Documents

New Venture Creation

• Business Plans
  – Traditional
  • Purposes
    – To obtain bank financing
    – To obtain investment funds
    – To arrange strategic alliances
    – To obtain large contracts
    – To sell yourself on the business
    – To attract key employees
    – To complete mergers and acquisitions
    – To motivate and focus the management team
New Venture Creation

• Business Plans
  – “Just Do it”
    • There is little concrete evidence to suggest elaborate business plans correlate with higher levels of success
    • Utilize basic financial projections
    • Planning still occurs but in less formal way
    • Thought processes are similar to evidenced based clinical assessment, treatment and follow-up
    • Appropriate for smaller, less complicated ventures
    • Must understand when to seek outside consultation

The Entrepreneurial Process
Initial ASC Organization Chart
Current Service Locations

- Bingham Farms
- Birmingham
- Bloomfield Hills
- Brownstown Twp
- Cheboygan
- East Lansing
- Farmington Hills
- Flint
- Hillsdale
- Jackson
- Lansing
- Midland
- Novi
- Port Huron
- Saginaw
- Southfield
- Trenton
- Troy
- Utica
- Warren
- West Bloomfield
- Ypsilanti
The Largest Network of Anesthesia Providers in the Midwest

We offer unique staffing solutions that adjust with your surgical volume

Anesthesia Staffing Consultants is a full-service Management Company specializing in serving Community Hospitals, Critical Access Hospitals, and ASCs throughout the Midwest.

For over 17 years, we have expertly handled all aspects of anesthesia management, providing exceptional clinical care and full-service department management, while building the area’s largest network of cross-credentialed anesthesia providers.

We built our network based on the premise that medicine is local. Many
Anesthesia Staffing Consultants
Revenue Growth

![Bar Chart]

Revenue % of Change

- 2001
- 2002
- 2003
- 2004
- 2005
- 2006
- 2007
- 2008
- 2009
- 2010
Driven to succeed

The 2007 Entrepreneur Of The Year honorees represent great accomplishments. By Frank Moselli

It can be a long way from inspiration to success in building and growing a business, with plenty of obstacles and challenges along the path to slow the progress of even the most innovative individual. But successful entrepreneurs know that the well-traveled road rarely leads to prosperity. Rather than follow in the footsteps of others, entrepreneurs choose instead to lead—to forge new trails.

They are the remarkable men and women with the vision, determination and leadership to create the companies that produce new products, new jobs, new opportunities and new wealth. Ernst & Young created the Entrepreneur Of The Year (EOY) award, the Award for Business Leadership, in 1985 to honor the accomplishments of the great men and women who drive our economy forward.

For the past 25 years, we have proudly recognized outstanding business leaders from across Eastern Michigan and Northwest Ohio. Each year, EOY finalists and award recipients demonstrate incredible depth of character as they develop new technologies, create better ways to distribute goods and services, and improve the quality of life for the people around them. The 2007 finalists are no exception.

This year’s EOY program participants have succeeded through turbulent economic times and emerged even stronger. As they forged ahead, they may have listened when told it couldn't be done, and they continue to take chances that others people consider too risky.

As we look toward tomorrow’s entrepreneurs, join us in congratulating the leaders of today, the innovators who have achieved their American dreams. The following pages highlight those individuals who pursued this coveted distinction.

Congratulations on your continued success.

Curing an industry

New Ambulatory Surgery Consultants’ Paul Santoro has remade a market

Paul Santoro was well on his way up the corporate ladder at Henry Ford Hospital when he decided it was time for a change. Santoro, who in 1981 was director of anesthesia, thought there was a better way to merge the technical and business sides of the field into one cohesive model, offering a premium setting for the patient, operational efficiency and change to the bottom line by reducing costs and improving revenue.

He founded Ambulatory Surgery Consultants Inc. to offer certified registered nurse anesthetists (CRNAs), sidestepping the larger hospitals. ASC’s president targeted smaller hospitals and ambulatory surgery centers that lacked the infrastructure to recruit, retain and organize these highly-skilled professionals. The model worked for these facilities because they could hire staff as needed, instead of staffing for the busiest times and then understaffing during the off peak times.

Today, ASC includes more than 30 sites in southern Michigan and employs 150 CRNAs, staffing both at peak days.

Santoro is a big believer in customer service, not only serving his clients, but his employees as well. He believes that meeting the needs of his employees improves efficiency, keeps turnover low and promotes a positive reputation for the company.

As a result of that approach, ASC has steadily grown to become a preferred provider in the market. ASC also has several projects in the works, designed to distinguish it further from potential competitors.
Anesthesia Staffing Consultants, Inc. (ASC) Named 2010 “100 Best Places to Work in Healthcare” by Becker’s ASC Review

Bingham Farms, MI – (May 12, 2010) – Anesthesia Staffing Consultants, Inc. has been named one of the “100 Best Places to Work in Healthcare” for 2010 by Becker’s ASC Review. The bimonthly publication reaches the nation’s hospital CEOs, medical directors, surgeons and others. Organizations were selected based on “demonstrated excellence in providing a work environment that promotes teamwork, professional development and quality patient care.”

Features that placed ASC in top 100 included:

- ASC currently holds over 25 contracts in the state of Michigan and is looking to expand out of the state.
- A company that has built confidence and a sense of responsibility in its employees through work projects and community outreach.
- Staff members collaborate on projects and keep an open line of communication with one another, which promotes growth within the company.
- ASC is involved with multiple charity events.
- ASC has formed a partnership with Lighthouse PATH of Oakland County, which provides homeless women and children with educational and job development opportunities.
ASC is accepted into the Michigan Health & Hospital Association (MHA).

ASC is proud to announce its acceptance into the Michigan Health and Hospital Association (MHA). We are honored to take an active role in an organization that promotes better health within Michigan communities. With the strong support of hospitals and their members, we strive to improve patient care and promote high-quality, affordable health care for all Michiganders.

In addition to a complex and rigorous acceptance process, MHA instills their vision upon its members and we are thrilled to become part of such a prestigious organization. As an anesthesia staffing company, ASC has been in business since 1991. Over this time, ASC has greatly grown, currently providing more than 20 anesthesia providers to more than 130 anesthesia management locations across the state and surrounding areas. This wide-ranging experience has given ASC a unique understanding of the individual needs of each client. A unique understanding of the importance of staffing in today’s changing healthcare landscape.

This approach has earned ASC an unparalleled reputation throughout Michigan.

### About Anesthesia Staffing Consultants

ASC is the daughter company of ASC, a unique organization dedicated to improving the quality of anesthesia care throughout the country. ASC is the leading anesthesia management company, providing a full range of services to more than 400 anesthesia management companies across the United States. This includes staffing, education, and consulting services. The ASC team has extensive experience working with hospitals, physicians, and other healthcare providers to optimize the delivery of anesthesia care. ASC is committed to providing top-quality anesthesia care for clients throughout the country.
Economizing Your Anesthesia Expenses
Engage your providers in reducing supply costs and wastes.

Paul Santoro, CRNA, MS
Bingham Farms, Mich.

You might be surprised how much you can save your facility — if only you'd use a quick, simple method to take inventory of the agents you use daily, including anesthetics, supplies, and waste. Why not with your anesthesia providers as well? There's no better way for us to appreciate the value of the nurses, anesthetists, and staff. Why not with anesthesia providers as well? There's no better way for us to appreciate the value of the nurses, anesthetists, and staff. Why not with your anesthesia providers as well? There's no better way for us to appreciate the value of the nurses, anesthetists, and staff. Why not with anesthesia providers as well?
Anesthesia Staffing Consultants has been Re-Certified by The Joint Commission

- Bingham Farms, MI (September 30, 2009) - Anesthesia Staffing Consultants, Inc. has achieved the Gold Seal of Approval™ for Health Care Staffing Services from the Joint Commission.

- Anesthesia Staffing Consultants, Inc. underwent its second unannounced, on-site review of its compliance with national standards, addressing how staffing firms determine the qualifications and competency of their staff, how they place their staff, and how they monitor staff’s performance.

- “Health care organizations that contract with Anesthesia Staffing Consultants, Inc. can look to this certification as an assurance that Anesthesia Staffing Consultants, Inc. demonstrates a commitment to providing and continuously improving quality services,” says Michele Sacco, M.S., executive director, Health Care Staffing Services Certification, Joint Commission.

- The ongoing shortages of nurses, pharmacists and other health care professionals have forced health care organizations to increasingly fill positions with temporary workers through contractual arrangements with staffing firms. The Joint Commission’s certification program, launched in October 2004, offers an independent, comprehensive evaluation of a staffing firm’s abilities to provide competent staffing services.

- “Re-certification recognizes Anesthesia Staffing Consultants Inc’s continuing dedication in providing CRNAs and anesthesiologists that are qualified to provide safe, high-quality care to patients,” says President and Chief Executive Officer, Paul Santoro, CRNA, MS. “We’re proud to receive the Joint Commission’s Gold Seal of Approval™.”

- About the Joint Commission

- Founded in 1951, The Joint Commission seeks to continuously improve the safety and quality of care provided to the public through the provision of health care accreditation and related services that support performance improvement in health care organizations. An independent, not-for-profit organization, the Joint Commission is the nation’s oldest and largest standards-setting and accrediting body in health care. Learn more about the Joint Commission at www.jointcommission.org.

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Recommendations

- Education
  - Broad based
  - Financial Management
  - Informatics
- Reimbursement
  - Third Party Recognition
  - Compete on Price
- Legal and Regulatory
  - Physician Supervision
  - AMA Scope of Practice Partnership
  - Prescriptive Authority
  - Nursing Licensure Compacts
- Organizational Representation
  - Committees
  - Medical Staff
- Research
  - Clinical Outcome
  - Economic Impact
- Policy
  - Embrace Consumer Choice
  - Focus on Outputs rather than Inputs