



## **Should You Outsource Multiple Service Lines to One Practice Management Company?**

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Hospital CEOs and CFOs often wonder if it makes sense to outsource the management of multiple services lines, such as anesthesia, emergency medicine, hospitalist and radiology, to one practice management company. The goal, of course, is simple: reduce costs. And while there is a benefit to blending less profitable service lines with more profitable ones to share costs, the long-term challenges may turn those initial savings into a wash.

Common sense tells you that an emergency medicine physician should probably not run your anesthesia group, or vice versa. However, many of the large national emergency medicine management companies now provide anesthesia services. Sure, they may have an anesthesiologist as a Medical Officer within the group, but most of those companies added anesthesia to their service line ups by acquiring smaller anesthesia groups, whose principal owners simply cashed out and moved on. In reality is that you, the hospital customer, are partnering with an emergency medicine operations team that is trying to manage the unique nuances of anesthesia billing and operations; more than likely, unsuccessfully. The hospital ends up overpaying to subsidize the service, the surgeons are unhappy and the quality of patient care ultimately declines.

Another factor that comes into play is that many of the larger multi-specialty groups arbitrarily cut clinical provider compensation to increase their profit margin and boost stock values for shareholders. Compensation cuts inevitably lead to turnout, which increases locums costs for your hospital. Suddenly, the money you had saved by working with a multi-specialty group is no longer “saved” but instead just transferred to another line of your budget.

So what can you do?

### **Option 1: Outsource each hospital-based service to a company that specializes in that service.**

Consider your anesthesia services, as an example. You need a company that can create the right mix of anesthesiologists and CRNAs based on your surgical case volume and acuity. This is the best way to assure an efficient staffing model. You will avoid overpaying and overstaffing, and the revolving door of locums providers will stop because staff will want to stay long-term if the department is staffed and compensated appropriately. On the billing side, having a team of certified coders who specialize in anesthesia will assure you don't miss the opportunity to capture all revenue that is due to you for this service.

### **Option 2: Outsource multiple services to one company, but keep the service contracts separate.**

If you decide to outsource multiple service lines to one company, make sure the service lines are contracted individually so you can cancel one later, if needed, without compromising the others. I recently heard that a large practice management company was struggling to run the emergency departments at two hospitals near one another. The company felt they could only salvage one of the contracts, so they cancelled the other. However, the one they cancelled also outsourced the hospitalist service to that same company. The

hospital was hit with a double whammy when they lost coverage for two service lines at once. Subsequently, the medical staff took up permanent residence in the CEO's office.

As you evaluate your hospital's options for outsourcing, consider each company's ability to meet your unique needs. Are they focused on a specific service, or are they a "jack of all trades and master of none?" Consider also where your needs as a client rank in terms of your practice management partner's priority list. If they are managing half a dozen service lines spread across hundreds of hospital clients, are they going to be able to address a specific concern from one of your surgeons in a timely manner? Every hospital is trying to reduce costs. Your best option for long-term savings may be to work with practice management companies that focus on one specialty.

***About Alex Gorecki and Clinical Colleagues, Inc.***

*Alex Gorecki is the Vice President of Marketing and Business Development for Clinical Colleagues, Inc., responsible for helping hospitals reduce anesthesia costs and create efficient staffing models. He works in collaboration with a team of physicians and healthcare business professionals at Clinical Colleagues, Inc. to provide cost-effective anesthesia management and consulting services at hospitals nationwide. To learn more about Alex Gorecki and Clinical Colleagues visit [ccianesthesia.com](http://ccianesthesia.com).*