



## **How to Start an Anesthesia Practice**

### **Background: Anesthesia providers practice models:**

The traditional models of anesthesia practice involve both CRNAs and anesthesiologists. CRNAs have more often been employees of hospitals or of anesthesiology groups. Anesthesiologists have clustered as members of their single specialty groups. Smaller hospitals and rural areas have relied more on CRNAs either as an employee or as contracted professional. Larger hospitals and metropolitan areas had tended to contract with anesthesiology groups.

As the decentralization of surgical locations increases, these traditional practice models have been shifting as both provider types see a different anesthesia landscape and new ways to be gainfully employed. Each provider type has the ability to work with each other or to work independently from the other.

CRNAs have always had the ability to work independently. Working without an anesthesiologist allows significant freedom to set up their own anesthesia practice. Many CRNAs that started a business are now contracted with hospitals, outpatient surgery centers; offices based surgery locations, and have hired other CRNAs to work with them. Some have even hired anesthesiologists to work for them, as well. Anesthesiologists and CRNAs have long worked “second jobs” as a locum, either directly with a service location, or through a locum’s company. However, the current trend is to establish an independent practice.

Anesthesiologist in private practice often contract with a smaller hospitals and surgery centers where they will medically direct the facility employed CRNAs. Locum positions for Anesthesiologists are readily available. A growing subspecialty area is pain management. Anesthesiologists are usually the provider type to develop this private practice.

### **Anesthesia Business climate:**

The anesthesia business is in a demand stage. Insurance payors remit more to surgeons for their procedures in an outpatient or office based setting. The move began with plastic surgery and was followed by gastroenterology (GI) and ophthalmology (cataract) procedures. There are many single specialty surgery centers now operating in every state. Pain management practices are growing rapidly and most require sedation services. Free standing vascular centers and Cathlabs are also in the mix. The surgeon/specialist are the initiating factor by moving procedures from hospitals to surgery centers, single specialty centers and increasingly to the office based settings. All of these areas require anesthesia services. This trend will never be reversed, and will likely increase because of price competition, medical technology and improved drugs. Patient demand is also a consideration as patients prefer quicker, closer, less expensive healthcare access.

## **Your mindset to begin an anesthesia practice:**

First consider, do I want to work full time or part time? Do I want Call or no call, travel or no travel? How much do I want to earn? How hard am I willing to work? What professional risk am I making? What financial risk am I taking? Where do I find opportunities? Do I have some degree of entrepreneurial spirit? These questions are for your discernment. To get to the end, you must plan the pathway. Write down what you want and mull over it. It will become your business “blueprint.”

## **Things you have and things that you will need for your business:**

You **have** these required things already:

- A Medical or CRNA license for the state where you work, and your Board Certification or CRNA re-certification.
- You have a National Provider Identification number (NPI).
- You may have a CAQH online provider application (your provider credentialing office will know)
- You have working experience
- You have relationships with the surgeons/specialists for whom you sedate patients.
- You have friends that may want the same things.

These things you will **need**:

You will need a liability/malpractice insurance that will follow you. If you are a hospital employee your liability is covered by the hospital. If employed by an anesthesia group, your coverage is part of the group’s coverage. To create your practice, you will need an independent liability policy.

You will need a company name and a federal tax identification number (not your SSN). This may be an LLC or Corporation. The new company LLC or Corp will protect you by separating your work risks from your personal assets. You will use this tax name and number for your business. All insurance payments will be made to this entity. You should open a bank account in the company’s name/tax number. All monies and expenses will be channeled through you company bank account. It is recommended that you talk with an attorney and /or accountant regarding how to best form your company. There is paper work for its establishment and the lawyer/accountant will guide you through the process of local and county business licenses that will be required. The IRS form SS-4, Employer Identification Number, can be filled out online.

You will need a full service medical billing and collections company, to establish and manage your revenue cycle.

Also, you must become aware of business opportunities that will arise in your community.

## **Medical Billing and Collection Services:**

Anesthesia billing and collection is quite different than other medical billing. It is different because anesthesia has its own set of CPT codes, it regularly counts in “time units,” it has modifiers for patient acuity, for age, and modifiers to reflect the provider types administering and/or directing anesthesia. Therefore, select an “anesthesia” billing service that uses anesthesia billing software. Ask for references and their depth of experience.

Select a full service anesthesia billing service. Full service means they have provider credentialing along with the revenue cycle development and accounts receivable management. They will have an assertive focus on insurance and guarantor follow-up for payments. Full service means, they take care of you and your new

practice. They provide more hands-on service to ensure that your revenue cycle remains in good balance. Managing the accounts receivable enhances your cash flow. The service should have a planned approach to follow-up on unpaid insurance claims. Patient payments make up about 15% of your cash flow. Patients owe their copay and deductible amounts. Full service includes sending statements, collection phone calls, and online patient payment capabilities.

Because billing services are in competition with each other, ask for their guidance. For example, call one up and say "I have an opportunity to work exclusively for three GI physicians in their office. Do you handle small start-up anesthesia practices?" Most will give you good understanding of billing processes and answer your questions, but know they want your business. Remember you are "fishing" for information so give them some bait.

### **Finding the Opportunity:**

Having good relationships with the surgeons/specialist is helpful. Let them know that you are looking for additional part-time anesthesia work. Talk to co-workers or friends who have an ongoing practice. Keep track of healthcare facilities under construction in your area particularly surgery centers, and physician office buildings. When surgeons change their work relationships with each other, their practice pattern may change to more decentralized locations. Make it your business to know and learn what is going on with all of the physician specialties that use sedation services, i.e. surgery, cosmetic, gastroenterology, ophthalmology, vascular, Cath lab, and pain management. Do your marketing homework and understand your market area. This is called networking. Just do it!

### **Selling Yourself:**

Prepare an outline of how you will "sell" yourself to a potential opportunity. You are selling a "service," your "professional service," as well as, your personal integrity and trustworthiness. Be prepared to discuss your abilities, desires, flexibility, and dedication. You should write a one page narrative of how you will sell yourself. Remember it is "not written in stone," and the result is "the process" that will best fit your personality and passion.

### **Contracting and the agreement**

Prepare a contractual agreement for a three year period that binds each party to a mutually beneficial working relationship. You can find examples online or consider the use of an attorney. Keep you contract simple.

### **The business side of a medical practice:**

You now have a company name, tax number and bank account that are in place. Now consider that a medical office practice has a staff of employees to handle patient scheduling, registration, reception, clinical care assistants, bookkeeping/payables/payroll, provider credentialing, medical coding, billing and collections. The term "practice management" includes all of these activities.

The anesthesia practice you will develop does not need nonclinical employees or the activities of scheduling registration, reception, or clinical assistants. The practice you develop will need provider credentialing, medical coding, billing and collections (unless you are developing an office based pain management practice). These activities are easily outsourced to a medical billing service at a reasonable fee. These billing activities are complex but handled smoothly with a reliable billing service.

Provider credentialing is the first and most important requirement to get your practice started. You must be credentialed with insurance payors, under your NEW tax number in order to submit medical claims. The equation is simple, “credentialed = authorization to be paid = cash flow.” A special note here is important. The time line for credentialing Medicare, Medicaid and some commercial payors is 90 to 150 days. In a start-up medical practice it is urgent to get the credentialing process started as quickly as possible before you sedate your first patient. Remember that delayed credentialing delays cash flow.

Your practice revenue cycle begins when the claim(s) are sent to the billing service. Where claims are coded, demographics and charges are entered into the billing software, where claims are filed with payors, and where explanation-of-benefits are received (payments are directly deposited to your bank account). The billing service will post payments to individual accounts, send patient statements, and follow-up on no-pay, slow-pay claims until account balances go to zero. Each patient’s claim goes through this revenue cycle process.

From the bookkeeping/payables/payroll side of your business, you will write checks for business expenses, payments to yourself, to 1099 contracted CRNAs, for liability insurance, to the billing service, and for other payables you may have. An accounting software is recommended. Also, you may choose to use an accountant or spouse to help with payables.

### **The clinical side of your business:**

The clinical side includes all things medical that pertain to providing healthcare services. Your professional service is to anesthetize patients from pain and to bring them back to their normal consciousness. This process includes medical record documentation of the services provided. Inclusive to clinical are the drugs, equipment, syringes and various other supplies, required to facilitate your services. Normally, the facility supplies, the drugs, equipment, and space. Your contractual agreement should contain clear language about the purchase and provision of drugs, equipment, and supplies.

### **Putting it all together:**

In actual practice, the “build-your-own-anesthesia-business” concept is not all that difficult. I say this with ease because we’ve helped multiple anesthesia providers get started. The basic steps are to secure a tax number; consult with a nurturing anesthesia medical billing service; and identify your opportunities. A lawyer or accountant can advise on your practice organizational type. The lawyer can help with contract issues. An accountant can help with the payables and income taxes. The billing service will develop your revenue cycle, which will generate your cash-flow.

You are the owner, and you are the president; therefore, you are the leader to take charge and build your practice.

### **FOR ADDITIONAL INFORMATION contact:**

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