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Anesthesia Subsidies – Restraining Hospitals' Economic Viability

Anesthesia subsidies are a result of anesthesia revenues not being sufficient to cover anesthesia expenses thus forcing hospitals to support their anesthesia departments to assure high-quality anesthesia coverage. Anesthesia expenses include the cost of labor for the anesthesia providers and costs of supplies such as anesthetics used during a procedure. The trend for anesthesia subsidies began in 2000 when declining anesthesia revenues were driven by reduction in Medicare payments, increase in outpatient surgeries, changing clinician supply issues (e.g., work hours, less stress, anesthesia provider shortage), and increasing demand for anesthesia services (e.g., more baby boomers moving into Medicare).[1] These factors fueled the need for hospitals to pay anesthesia subsidies to maintain services.

Due to the proprietary nature of hospital finance data, access to anesthesia subsidy data is scarce; but according to the most robust Anesthesia Subsidy Survey available, the 2012 study illustrated that the average subsidy per anesthetizing location was $160,096 and in some regions, like the southern United States, the average was $180,992.[2] An anesthetizing location is defined as any area of a facility that has been designated to be used for the administration of anesthetic agents in the course of examination or treatment of a patient (e.g. operating rooms (OR) or procedures rooms.[3] This means that one hospital with 10 ORs may need to pay $1.69 – $1.89 million in an anesthesia subsidy.[2] The survey noted that Certified Registered Nurse Anesthetists (CRNAs) were either employed by an anesthesia group practice or were directly employed by the hospital. CRNAs that were directly employed by the hospital and had contracted anesthesiologists paid much higher subsidies for those anesthesiologists ($320,755 per anesthetizing location) compared to CRNAs employed by the anesthesia group practice ($154,552).[2] According to an MGMA 2013 cost survey, most hospitals continue to subsidize their anesthesia services, often exceeding $2 million annually, making anesthesia a loss leader on most hospitals' profit and loss statements.[4] To meet today's anesthesia demands, these subsidies are likely growing larger and placing greater burden on a hospital's narrow margin.

It has been shown that CRNAs provide safe and high-quality anesthesia services.[5,6] Further, anesthesia care delivery models centered on anesthesiologist medical direction or supervision billing practices are more costly and more likely to require a hospital anesthesia subsidy. On the other hand, CRNAs practicing to the full extent of their education and training while providing autonomous anesthesia services are least likely to require a subsidy to remain economically viable.[7,8,9] As Uwe E. Reinhardt, a renowned health economist from Princeton University once noted, physicians are fighting a losing battle against APRNs because, "They [APRNs] have economics and common sense on their side."[10]

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