

## **Financial Viability of PSH for the Departments.**

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PSH is an innovative model of health care delivery that encompasses the full continuum of care for surgical patients—from the preoperative assessment and preparation, to the surgical course, through postoperative care and following discharge from the hospital. A key identifier and differentiator of the PSH is its physician leadership with the anesthesiologists (and anesthesiology departments) playing an important role as integrators and facilitators of the PSH approach.

While the need to implement a transformative approach to improving value for our patients is indisputable, it is unclear if/how models of perioperative medicine including PSH will remain financially sustainable in the long-term. There are costs involved any time value-based programs are implemented. Some of these costs are manifest, some remain ill defined. Some are fixed, others variable. Some costs are shared with the hospital, while others are primarily encumbered by the anesthesiology departments. Regardless, anesthesiology departments are implementing their version of PSH at some cost to the department and its faculty. For the model to be successful and sustainable, it is critical that financial viability of the model is established. The costs come in the form of salaries of personnel including faculty, nurses, staff, and residents assigned to the care of patients in the PSH. Additional investments are needed for training, informatics and analytics, equipment, other support services needed for successful implementation of the PSH. A financial return on the investment might not be apparent right away, as the PSH is best suited to serve value-based care models and not the current volume-based care models. Indeed some of the clinical services provided through the PSH are directly reimbursable to anesthesiology

and some of the anesthesiology departments have had greater success in creating a financially viable model. For many others, the gains are indirect—improved patient care is realized through achieving the triple aim of greater patient satisfaction, better outcomes and lower cost. The hospital may then provide financial support to the anesthesiology department for many of the services that are viewed as favorable towards reaching the optimal patient care. The challenge lies in being able to convince the hospital through meticulous outcomes and performance data that the PSH is truly bringing value. There is a significant movement amongst many academic medical centers to redesign their clinical funds flow whereby transfers are earmarked for programs that improve clinical care or incentives are built in the funds transfer schemes for programs that support hospital strategic goals of improving quality, performance and costs. Models such as PSH will become even more relevant in future with the expansion of the alternative payment schemes (bundles, ACO, etc). As the payment formula for anesthesia services shift from the ASA Relative Value Guide to a "base + time + outcome" formula, the PSH is one way for anesthesiologists to accommodate and remain relevant in this new payment paradigm.

Many have argued that while PSH is a tactical approach towards improving surgical care, the strategic goal for the specialty is to advance perioperative medicine. We need to continue to explore ways and means of seeking financial viability for approaches that advance perioperative medicine. The lecture will outline the methodology and approach employed by various anesthesiology departments, and their success in achieving financial viability of the PSH.

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