

Negotiation Skills: How to Get What You Need and Want

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**HUMAN
FIRST**



Beth Israel Deaconess
Medical Center

Disclosures

- Research funding
 - NHLBI
 - Gordon and Betty Moore Foundation
- Advisor
 - Hamilton Medical
 - Intensix
 - Faron






DEFINE THE PROBLEM






Background

- Over the recent years the scope of the department has expanded significantly
- At the same time the department has been effectively operating with a negative margin for the last two years
- The DACCPM does not have a structured agreement with the hospital.

Scope of Practice

- 55 Anesthetizing locations
 - 42 BIDMC (avg)
 - 8 Milton
 - 5 Needham
- 4-5 ICUs per day
- 3 MDs in OB
- 10 Pain MDs in 6 locations
- PAT





Budget FY18

FY18 Budget Review – Financial Snapshot
 Department: Anesthesia
 As of: July 19, 2017

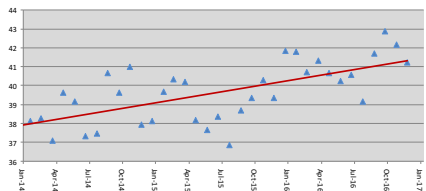

	FY18 Budget	FY17 Forecast *	Var. Fav / (Unfav)	FY17 Budget	Var. Fav / (Unfav)
Net Patient Service Revenue	\$ 43,284,489	\$ 39,705,518	\$ 3,578,971	\$ 43,229,050	\$ 55,439
Contract Settlements	-	99,238	(99,238)	-	-
Research Revenue	525,519	791,346	(265,827)	746,160	(220,641)
Funds Flow	8,160,473	7,829,070	331,403	7,558,984	601,489
Other Operating Revenue	2,772,803	2,858,877	(86,074)	2,469,617	303,187
TOTAL OPERATING REVENUE	\$ 54,743,284	\$ 51,293,082	\$ 3,449,402	\$ 54,017,531	\$ 725,753
Salaries and Benefits	\$ 53,160,510	\$ 47,896,778	\$ (5,263,732)	\$ 46,724,358	\$ (6,436,152)
Professional Liability Insurance	787,043	708,746	(78,297)	697,721	(89,322)
Contract Labor	180,000	228,026	48,026	175,000	(5,000)
Other Physician Related Expenses	1,373,460	1,227,771	(145,689)	1,157,819	(215,641)
Purchased Services	317,846	58,967	(258,879)	149,500	(168,346)
General Office Expenses	464,048	412,224	(51,824)	462,074	(1,974)
Other Operating Expenses	4,363,280	4,049,917	(313,363)	4,205,830	(157,450)
Depreciation and Amortization	73,801	87,377	13,576	90,792	16,991
TOTAL OPERATING EXPENSES	\$ 60,718,989	\$ 54,669,807	\$ (6,050,182)	\$ 53,663,094	\$ (7,056,894)
NET INCOME/(LOSS) FROM OPERATIONS	\$ (5,976,705)	\$ (3,375,925)	\$ (2,600,780)	\$ 354,436	\$ (6,331,143)
2% Margin Target	1,094,866	1,025,878		1,080,351	
Variance to 2% Margin Target	(7,071,570)	(4,401,803)		(725,914)	

DO YOUR HOMEWORK



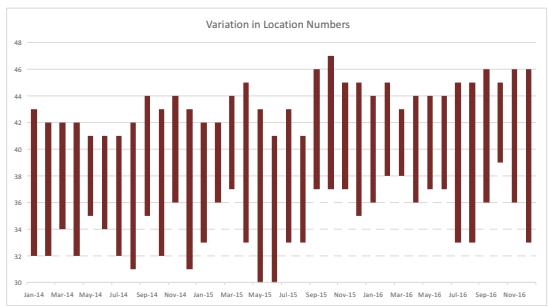

We Are Busier Than Ever

Daily Average of OR Rooms

Wide Variation in Locations

Variation in Location Numbers






ORs are Substantially Behind Budget

Monthly OR Volume

	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	YTD Total
FY16 Actual	2,217	2,111	2,175	2,050	2,138	2,307	2,488	2,479	2,434	2,426	2,112	2,108	21,647
FY17 Budget	2,269	2,300	2,142	2,414	2,171	2,348	2,479	2,434	2,426	2,280	2,284	2,332	24,759
FY17 Actual	2,204	2,200	2,170	2,260	2,200	2,201	1,938	-	-	-	-	-	14,181


OR Volume FY16 and FY17

Changes in Reimbursement for GI


- The departments structural deficit has been hidden by strong GI anesthesia revenue.
- HP is now denying non-indicated anesthesia care
- GI denials have increased substantially. Now over \$1,000,000 in lost revenue

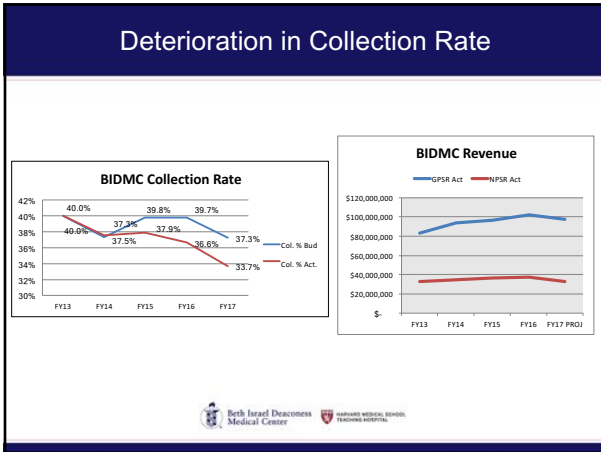
	GPSR	100% NPSR	75% Approved on Appeal	50% Approved on Appeal	25% Approved on Appeal
Practice: HMFP	\$ 594,000	\$ 463,212	\$ 115,803	\$ 231,606	\$ 347,409
Practice: HWMA	\$ 335,573	\$ 261,686	\$ 65,422	\$ 130,843	\$ 196,265
Practice: MILTON	\$ 377,813	\$ 294,626	\$ 73,656	\$ 147,312	\$ 220,969
Practice: NEEDHAM	\$ 12,613	\$ 9,836	\$ 2,459	\$ 4,918	\$ 7,377
Total Risk	\$ 1,320,000	\$ 1,029,360	\$ 257,340	\$ 514,680	\$ 772,020



Requests for New Services

	EP	TAVR
Current room/days per week	8	2
Current annual days	416	104
Cases per room/day	1.40	2.09
Annual Cases	584	217
Total Annual Revenue	\$ 704,973	\$ 165,881
Avg. Daily Revenue per Room	\$ 1,695	\$ 1,595
Anesthesia cost per day	\$ 2,663	\$ 2,663
Anesthesia net expense per room/day	(\$ 968)	(\$ 1,068)
Anesthesia annual net expense	(\$ 402,688)	(\$ 111,071)





MAKE SURE YOUR OWN HOUSE IS IN ORDER

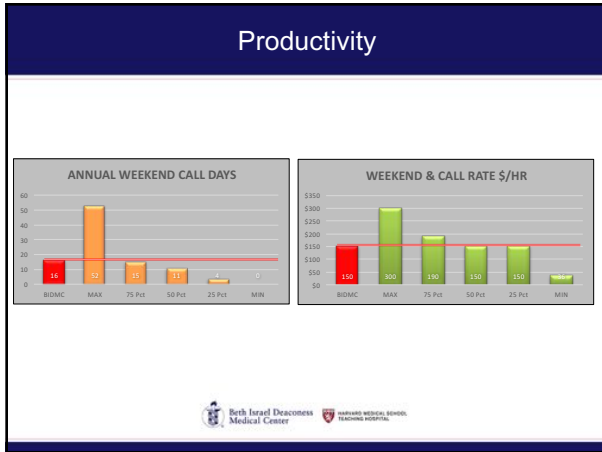
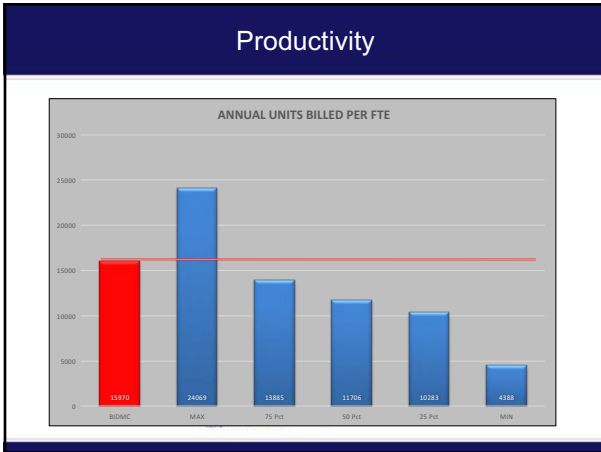
Anesthesia Staffing Model

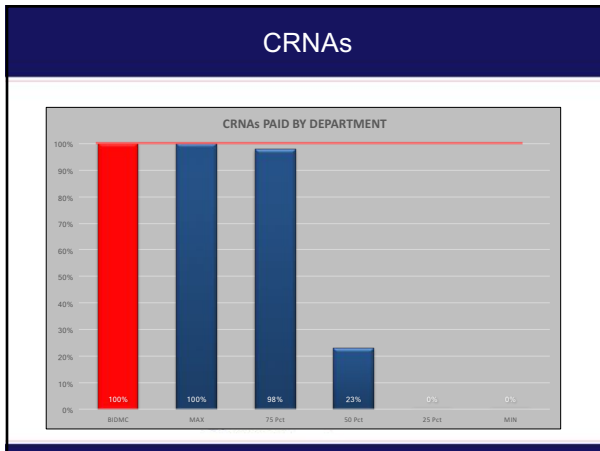
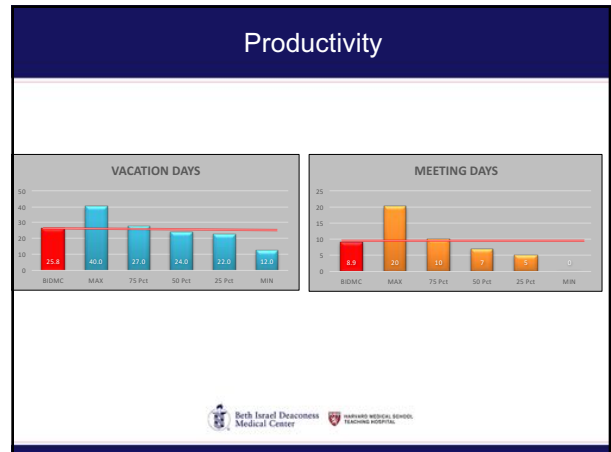
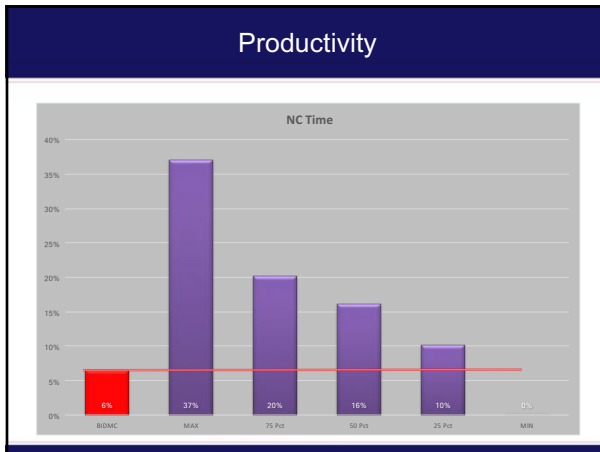
44 OR Locations
81.4 FTE

ORs	Staff	80 Residents and Fellows
17	11 special locations (1:1, GI w/ CRNA) (estimate)	
14	7 double cover rooms (estimate)	25 + 12 CRNA FTEs
13	13 single cover (estimate)	
	4 ICU	Current deficit: 10.2 FTEs MD 1 FTE CRNA
	2 OB	
	1 ICU float/ PACU	
	1 PAI	
	2 Floor Managers	
	2 Regional/APS	
	3 In-House Call	
	13 Pain Center	
	59 TOTAL STAFF CLINICAL @ BIDMC	
	4 post call	
	15 lecture/meeting/vacation/LOA	
	9 administrative/academic	
	87 STAFF REQUIRED	
5	2 Needham	
8	3 Milton	
	92 REQUIRED STAFF FOR ALL ASSIGNMENTS	

Anesthesia Salaries vs. Benchmark SAAA Northeast Area 2016

	n	Mean	75%	50%	25%
Instructor	19				
Low Paid		\$242,120	\$280,000	\$255,703	\$195,987
Low BID					
High Paid		\$344,283	\$384,029	\$347,035	\$297,550
High BID					
Mean BID		\$280,527			
Assistant	25				
Low Paid		\$252,566	\$316,032	\$270,000	\$210,348
Low BID					
High Paid		\$455,435	\$512,864	\$449,620	\$394,753
High BID					
Mean BID		\$343,130			
Associate	25				
Low Paid		\$308,172	\$347,500	\$303,434	\$272,052
Low BID					
High Paid		\$477,964	\$538,201	\$477,867	\$399,879
High BID					
Mean BID		\$424,502			





Next Steps- Improve Revenue Cycle

- Rev-cycle review completed
- Interim rev cycle manager in place

FINANCIAL CLASS	0 - 30 Days	31 - 60 Days	61 - 90 Days	91 - 120 Days	121 - 150 Days	151 - 180 Days	181 - 365 Days	Over 365 Days	Total
HEALTHCARE	\$ 1,520,423	\$ 356,086	\$ 275,982	\$ 203,972	\$ 413,479	\$ 385,418	\$ 1,187,288	\$ 74,442	\$ 3,086,580
CLINIC	\$ 920,256	\$ 119,179	\$ 124,275	\$ 8,319	\$ 63,823	\$ 22,008	\$ 20,265	\$ 285,824	\$ 1,433,760
COMMERCIAL	\$ 868,737	\$ 412,982	\$ 238,014	\$ 216,044	\$ 132,801	\$ 110,999	\$ 478,743	\$ 743,625	\$ 2,483,935
MANAGED-PREMIUM	\$ 753,208	\$ 360,093	\$ 219,272	\$ 16,968	\$ 28,464	\$ 17,431	\$ 78,811	\$ 64,624	\$ 1,458,377
BLUE SHIELD	\$ 882,290	\$ 268,181	\$ 48,827	\$ 60,400	\$ 60,100	\$ 40,894	\$ 172,423	\$ 55,513	\$ 1,568,528
MANAGED-CARE	\$ 714,847	\$ 412,042	\$ 70,700	\$ 18,484	\$ 73,690	\$ 39,404	\$ 250,244	\$ 153,728	\$ 1,643,199
MARSHMERE	\$ 412,438	\$ 389,785	\$ 14,847	\$ 18,128	\$ 14,461	\$ 10,619	\$ 24,811	\$ 33,381	\$ 820,563
EMERGENCY HOME	\$ 121,849	\$ 66,412	\$ 50,504	\$ 46,401	\$ 19,938	\$ 20,170	\$ 27,438	\$ 145,761	\$ 368,463
MEICAD	\$ 384,453	\$ 147,106	\$ 12,521	\$ 19,912	\$ 18,138	\$ 16,111	\$ 44,471	\$ 30,887	\$ 614,700
EMERGENCY CLINIC	\$ 17,837	\$ 43,100	\$ 17,178	\$ 17,648	\$ 25,171	\$ 6,827	\$ 18,474	\$ 15,879	\$ 104,234
COMMITTEE	\$ 18,770	\$ 49,729	\$ 13,440	\$ 1,111	\$ 14,430	\$ 9,465	\$ 14,013	\$ 1,111	\$ 142,119
EMERGENCY	\$ 8,400	\$ 13,011	\$ 4,471	\$ 4,400	\$ 1,000	\$ 1,200	\$ 1,200	\$ 1,200	\$ 24,884
EMERGENCY LIABILITY	\$ 16,400	\$ 15,132	\$ 8,014	\$ 12,653	\$ 1,870	\$ 8,400	\$ 4,761	\$ 4,400	\$ 74,118
EMERGENCY	\$ 4,077	\$ 9,724	\$ 2,019	\$ 8,100	\$ 1,714	\$ 8,800	\$ 1,400	\$ 2,140	\$ 37,974
EMERGENCY - INSURANCE	\$ 10,571	\$ 10,187	\$ 40,811	\$ 27,241	\$ 13,589	\$ 4,393	\$ 19,150	\$ 820	\$ 147,812
EMERGENCY - OTHER INSURANCE	\$ 8,111	\$ 11,424	\$ 78,142	\$ 17,711	\$ 51,116	\$ 48,711	\$ 103,741	\$ 102,711	\$ 436,963
EMERGENCY - OTHER	\$ 1,100,000	\$ 1,100,000	\$ 1,100,000	\$ 1,100,000	\$ 1,100,000	\$ 1,100,000	\$ 1,100,000	\$ 1,100,000	\$ 11,000,000
TOTAL	\$11,290,995	\$5,363,300	\$3,646,600	\$2,546,600	\$1,553,540	\$1,553,540	\$5,553,540	\$208	\$28,916,075

Third Party Financial Class Based Upon Primary Payer
Self Pay Financial Class Based Upon Having No Primary Payer Assigned
Billing Based on Charge Entry Date


Next Steps- Renegotiate contracts with sites

- Methodology
 - Cost + 4% margin
 - Excess revenue split 50-50
- BID Milton
 - 50% recovery of this years loss
 - Agreed upon methodology going forward
- BID Needham
 - Negotiating

KNOW YOUR BOTTOM LINE (THIS IS WHAT THEY PAY YOU FOR)

Proposed Service Levels

- 40 Locations at BIDMC- Will need to reduce block
- Eliminate funding for PAT nurses
- Reduce service for EP- Urgent cases only
- Reduce service levels for GI- Force appropriate triage



NEGOTIATE A PATH FORWARD

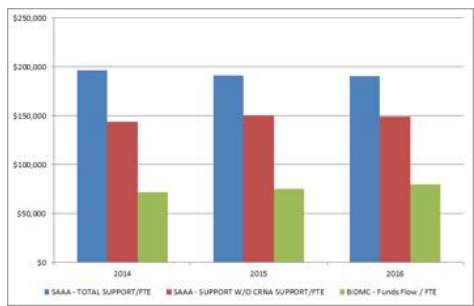


Next Steps- Develop sustainable service agreement with BIDMC


- Current Funds Flow Model
 - Negotiated ad hoc
 - Largely tied to services (call, admin positions etc)
 - Supplemented by “contingency”
 - Does not take into account market forces
 - Not separated by service or location
 - CRNAs are paid by the department



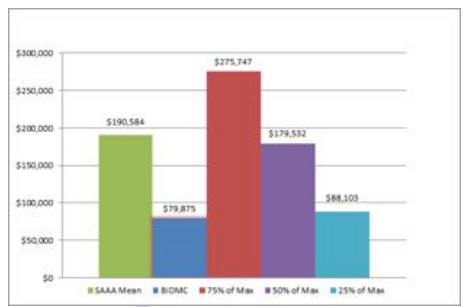
Funds Flow vs. National Benchmarks




Year	SAAA - TOTAL SUPPORT/FTE	SAAA - SUPPORT W/O CRNA SUPPORT/FTE	BIDMC - Funds Flow / FTE
2014	~\$195,000	~\$145,000	~\$75,000
2015	~\$195,000	~\$145,000	~\$75,000
2016	~\$195,000	~\$145,000	~\$75,000



Funds Flow vs. National Benchmarks



Category	Value
SAAA Mean	\$190,584
BIDMC	\$79,875
75% of Max	\$275,747
50% of Max	\$179,532
25% of Max	\$88,103



STAY FRIENDS

