

# Case Study: Anesthesiology Physician and CRNA Compensation Arrangements

*Provider Compensation Arrangements Division*

An ambulatory surgery center (ASC) renewed a professional services agreement with a large, national anesthesia provider (Contractor) that employs and/or contracts with anesthesiology physicians and certified registered nurse anesthetists (CRNAs) for the provision of anesthesiology clinical coverage services. Historically, the Contractor was not separately compensated for the subject services. However, due to changing market dynamics the ASC sought a fair market value (FMV) opinion for regulatory compliance purposes and to determine appropriate guardrails to aid in compensation negotiations.

## Situation

The subject market had faced increased supply and demand issues with anesthesiology providers. Due to the low supply of available providers in the market, the Contractor would have to utilize locum tenens providers to supplement its employed providers and significantly increase staffing costs. Lastly, due to the implementation of the No Surprises Act and changes in the Medicare Physician Fee Schedule in recent years, reimbursement for anesthesiology services in the market has been negatively impacted.

## VMG Health Services Provided

Provider Compensation Valuation



VMG Health can provide an assessment of your current situation and offer potential options for a course of action.

## Contact

### Bartt B. Warner

Managing Director  
Compensation Arrangements  
bartt.warner@vmghealth.com  
615-577-4206

### Caroline Dean

Manager  
Compensation Arrangements  
caroline.dean@vmghealth.com  
615-577-4229

## Solutions

VMG Health conducted an in-depth analysis of revenue, costs, and market data. Professional collections estimates were derived by using a benchmarking analysis based on provider staffing requirements, projected cases, and ASA unit volumes. Cost figures considered interviews and were calculated by reviewing compensation market survey data, analyzing the current locum tenens and recruitment expenditures, and applying an appropriate overhead allocation and profit margin. VMG Health also considered market survey data and VMG Health's internal database of similar arrangements.

## Success

VMG Health determined the FMV compensation payable by the ASC to the Contractor for the physicians' and CRNAs' provision of clinical services. The ASC then used the deliverable to aid in the contract renewal negotiation process and it was also used for regulatory and compliance purposes. A professional services agreement was executed by and between the parties. This allowed the ASC to continue operations that utilized the current group of established providers and allowed the Contractor to cover rising costs while maintaining an appropriate margin.