Expense and Revenue Considerations

Facility or anesthesia department budgeting can be time-consuming and complex. CRNAs should be aware of facility/department operations, billing and reimbursement methodology, revenue streams, expenses, and staffing needs. Knowing this information will aid CRNAs in identifying where they can provide value-added services and show the value of CRNA practice and expertise.

- Based on the presentation, titled "Anesthesia Practice Models," developed by Juan Quintana, DNP, MHS, CRNA, the calculator in the Productivity Tab was developed to aid CRNAs with general calculations in determining their value in varied practice model scenarios.
- This tool should only be used for informational purposes, as it presents a one-sided analysis of anesthesia revenue generation but does not incorporate the fixed and variable costs of doing business at a facility.
- Any further calculations should take into account site-specific differences (e.g., the requirements for an ambulatory surgical center are different than that in a facility requiring 24-hour coverage). ***This tool does not account for non-billable or non-productive time (e.g., downtime, 24-hour shift, on-call, in house time).***

The list below presents examples of expenses that a facility accounts for in a financial analysis. These expenses vary based on facility size, case load, total staff, etc. and are not reflected in the calculator in the Productivity Tab.

Expense Considerations

Personnel Related Expenses

Staff Salaries (e.g., clinicians, administrative staff)
Vacation and Sick Pay
Healthcare Benefits
- Medical Insurance
- Dental Insurance
- Vision Insurance
- Disability Insurance
- Other

Retirement Benefits
Malpractice Insurance
FICA Tax
Worker's Compensation
Stipends
Bonus / Incentive Pay
Relocation Costs
Dues / Continuing Education

Billing Fees

Billing and Collection Fees

Facility Related Expenses

Office Space
Office Supplies
Uniforms
Medical/Surgical Supplies
Pharmaceuticals
Repair and Maintenance
Answering Service
Utilities
- Telephone
- Electricity
- Water
- Waste Management

Property Taxes
Depreciation
Other Overhead Factors

Other Fees

Expense and Revenue Considerations

Accounting Fees
Marketing Fees
Practice Incorporation Fees
Transcription Fees
Credit Card Fees
Licenses
Legal Fees

Additional Resources

- ❑ A Primer on Hospital Accounting and Finance for Trustees and other Healthcare Professionals
- ❑ Identifying, Controlling, and Reducing Overhead Costs
- ❑ National Rural Health Resource Center: Critical Access Hospital Finance 101 Manual

Anesthesia Revenue Considerations

Before using this tool, read the information and instructions on the ***Considerations Tab*** *.*

Edit the values in the **outlined fields** to reflect the specific employment scenario being analyzed. Do not edit the shaded cells. The calculations make assumptions based on values entered.

Personal Production Days Calculation

Working Days per Year:

52 weeks x 2 weekend days =	104	weekend days
365 days - 104 weekend days =	261	days
261 - 6 holidays =	255	working days
Time Off / Vacation =	6	weeks
Personal Production Days =	225	

Procedure Time Calculation

Avg procedure length =	90	min
Avg turnover time =	20	min
Avg time / procedure =	110	min
Avg time / procedure =	1.8	hrs
Routine operating hours / day =	8	hrs / day
Avg cases (procedures) / day =	4.4	

Conversion Factor (CF) Resources and Calculation

Medicare: *CMS Anesthesiologists Center*
2016 National Medicare Average = $22.44
Commercial Payer Information: *ASA Survey Results for Commercial Fees Paid for Anesthesia Services – 2015*
AANA: *Medicare Anesthesia Conversion Factor List (member login required)*

Average conversion factor will vary based on payer mix:

%	CF

Anesthesia Revenue Considerations

Medicare =	40%	x	$22.44	=	$8.98
Commercial =	40%	x	$62.50	=	$25.00
Medicaid =	10%	x	$15.00	=	$1.50
Private Payer =	10%	x	$0.00	=	$0.00
	100%				**$35.48** = Avg CF

Productivity Calculation

Avg Days Worked =	255	Enter days with or without time off
Avg Cases / Day =	4.4	
Avg Conversion Factor =	$35.48	Enter value calculated above or assumed value
Avg Units / Case =	10	National Average = 10-13 units / case
Revenue / Case (Avg CF * Avg Units / Case) =	$354.80	
Daily Revenue (Revenue / Case * Avg Cases / Day) =	$1,561.12	
Yearly Revenue (Daily Revenue * Avg Days Worked) =	$398,085.60	

Revenue / Potential Reimbursement Calculation

Anesthetizing Locations =	12	
Revenue / Case =	$354.80	(from calculation above)
Daily Revenue =	$1,561.12	(from calculation above)
Daily Revenue * Locations =	$18,733.44	
Yearly Revenue for all Locations:		
Daily Revenue * Locations * Avg Days Worked =	$4,777,027.20	
Cost of Billing =	6%	
Potential Reimbursement =	**$4,490,405.57**	*contingent on collecting all revenue

Practice Model Calculation

Number of CRNAs	13
Avg CRNA Salary	$180,000.00

Anesthesia Revenue Considerations

Number of Anesthesiologists	3	
Avg Anesthesiologist Salary	$350,000.00	
Potential Reimbursement =	$4,490,405.57	(from calculation above)
FTE Cost at All Anesthetizing Locations =	$3,390,000.00	
Net Gain / Loss =	**$1,100,405.57**	

Notes:
-Anesthesiologist Only Model: Enter "0" CRNAs
-CRNA Only Model: Enter "0" Anesthesiologists
-Medical Supervision Model: Can be billed when medical direction requirements not met; Anesthesiologist cannot obtain 100% of allowable reimbursement. Adjust "Avg Units / Case" to reflect this scenario.
-Medical Direction Model: Calculation does not take into consideration potential time lost, cost of labor, and OR costs due to delay of case start.