

ASA Survey Results for Commercial Fees Paid for Anesthesia Services – 2013

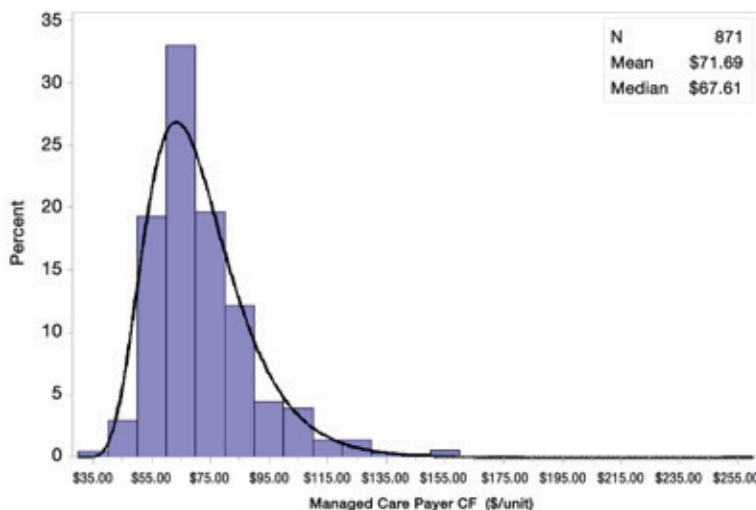
Stanley W. Stead, M.D., M.B.A

Sharon K. Merrick, M.S., CCS-P

Thomas R. Miller, Ph.D., M.B.A.

ASA is pleased to present the annual commercial conversion factor survey for 2013. Each summer we anonymously survey anesthesiology practices across the country asking them to report up to five of their largest managed care (commercial) contract conversion factors (CFs) and the percentage each contract represents of their commercial population, along with some demographic information. Our objectives on the survey are to report to our members the average contractual amounts for the top five contracts and to present a regional survey of trends in commercial contracting.

Figure 1: 2013 National Managed Care Contracts Anesthesia Conversion Factors (\$/unit)



Summary

Based on the 2013 ASA commercial conversion factor survey results, the national average commercial conversion factor was \$71.69, ranging between \$70.33 and \$73.82 for the five contracts. The national median was \$67.61, ranging between \$66 and \$69 for the five contracts (Figure 1, Table 1). In the 2012 survey, the mean conversion factor ranged between \$64.80 and \$71.44, and the median ranged between \$61.70 and \$68. In contrast, the current national Medicare conversion factor for anesthesia services is \$21.92, or just 30.6 percent of the 2013 overall mean commercial conversion factor.

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Stanley W. Stead, M.D., M.B.A. is ASA's Section Chair for Professional Practice and Clinical Professor of Anesthesia and Pain Management, University of California, Davis.



Sharon K. Merrick, M.S., CCS-P is ASA Director of Payment and Practice Management.



Thomas R. Miller, Ph.D., M.B.A. is ASA Director of Health Policy Research.

Table 1: National Managed Care Anesthesia Conversion Factors (\$), 2013

Conversion Factors	Contract 1	Contract 2	Contract 3	Contract 4	Contract 5	ALL
Mean	70.33	71.07	71.93	72.87	73.82	71.69
Low	32.00	38.00	36.00	44.00	45.00	32.00
25th Percentile	59.00	60.00	60.00	61.50	61.05	60.00
Median	66.00	67.10	68.30	69.00	68.75	67.61
75th Percentile	74.00	79.50	80.11	80.00	82.45	79.00
High	250.40	150.00	150.00	178.20	158.40	250.40
Number of Responses	223	210	188	146	104	871
Percentage of Managed Care Business	20.40%	11.90%	6.21%	4.40%	3.40%	10.60%

Table 2: Respondent Demographics

Region	Type	Practices	Cases	Units/FTE MD	FTE MD	FTE Nurse Anesthetist	FTE AA
Eastern	ACT	69	2,115,089	15,323	1,866.9	1,744.1 (375)	72.9 (6)
	Solo	7	496,866	12,753	135.0		
	All	76	2,611,955	15,098	2,001.9	1,744.1 (375)	72.9 (6)
Midwest	ACT	28	654,596	19,914	691.4	514.7 (56)	75.0 (2)
	Solo	5	647,748	6,952	161.7		
	All	33	1,302,344	18,525	853.1	514.7 (56)	75.0 (2)
Southern	ACT	66	3,470,450	20,102	1,532.5	2,146.8 (366)	273.0 (6)
	Solo	3	14,120	15,506	7.0		
	All	69	3,484,570	19,856	1,539.5	2,146.8 (366)	273.0 (6)
Western	ACT	19	320,377	8,436	389.7	78.7 (58)	61.0 (0)
	Solo	26	660,265	8,611	931.5		
	All	45	980,642	8,552	1,321.2	78.7 (58)	61.0 (0)
ALL	ACT	182	6,560,512	17,396	4,480.4	4,484.2 (855)	481.9 (14)
	Solo	41	1,818,999	9,714	1,235.2		
	All	223	8,379,511	15,939	5,715.6	4,484.2 (855)	481.9 (14)

ACT denotes Anesthesia Care Team

(Number in parenthesis indicate the number of non-employed FTEs)

Table 1 provides the overall survey results by reported managed care contract. As with previous surveys, we requested that participants submit data on five commercial contracts. Table 2 provides respondent demographics by region of the country as identified by the Medical Group Management Association (MGMA). These regions are as follows:

- **Eastern:** CT, DE, DC, ME, MD, MA, NH, NJ, NY, NC, PA, RI, VT, VA, WV
- **Midwestern:** IL, IN, IA, MI, MN, NE, ND, OH, SD, WI
- **Southern:** AL, AR, FL, GA, KS, KY, LA, MS, MO, OK, SC, TN, TX
- **Western:** AK, AZ, CA, CO, HI, ID, MT, NV, NM, OR, UT, WA, WY

The survey reflects valid responses from 223 practices in 44 states plus the District of Columbia, an increase from last year's survey. The 2012 survey results included 175 practices from 40 states and the District of Columbia.

Methodology

The survey was disseminated in June 2013. To comply with the principles established by the Department of Justice and the Federal Trade Commission in their 1996 Statements of Antitrust Enforcement Policy in Health Care, the survey requested data from respondents that were at least three months old. To comply

with the statements, we are only able to provide aggregated data. Since some states did not respond and other states had insufficient response rates, we are unable to provide data on a state level.

This is the third year that we offered the survey electronically through the website www.surveymonkey.com. ASA urged participation through various electronic mail offerings, including ASA committee listservers, ASAP (all-member weekly e-mail digest), Vital Signs (an electronic newsletter sent to all ASA Political Action Committee contributors) and via the ASA website.

The responses to the survey represented 325 unique practices. However, 102 respondents indicated they had at least one commercial contract (non-governmental payer) but then failed to provide any data. We excluded these responses for the overall analysis.

Table 2 (page 59) presents demographic information for the 223 practices in the analytic sample. These practices employ or contract with 5,716 physician anesthesiologists, 4,485 nurse anesthetists and 482 anesthesiologist assistants (AAs). The practices also work with an additional 885 nurse anesthetists and 14 AAs for whom the practice does not directly pay compensation (i.e., facility hires or contracts the nurse anesthetist or AA). The 223 practices account for a total of 871 managed care contracts.

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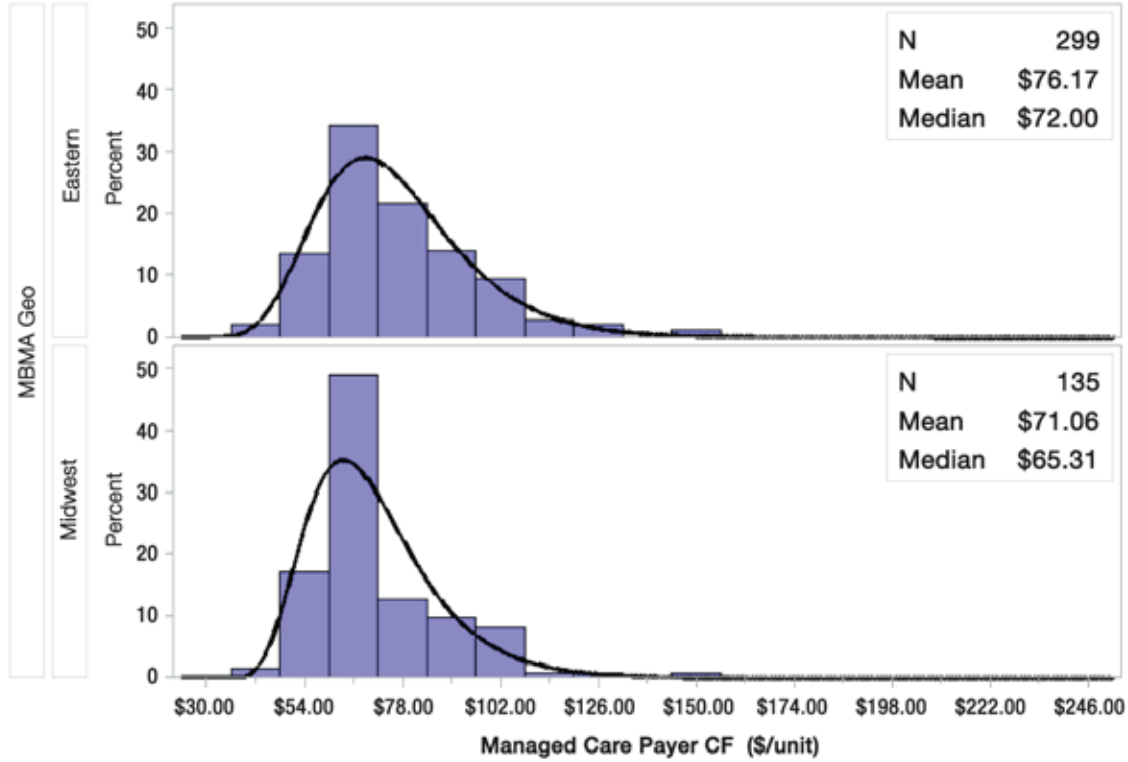
Base Units	5.78	Sum of Base and Time Units	CF Value Ratio based for 15-minute units
Minutes	87.92		
10-minute time units	8.792	14.572	1.252
12-minute time units	7.327	13.107	1.126
15-minute time units	5.861	11.641	1.000

Median Base Unit and Time Unit taken from MGMA 2013 Cost Survey for Anesthesia and Pain Practices, Table 1.9f.

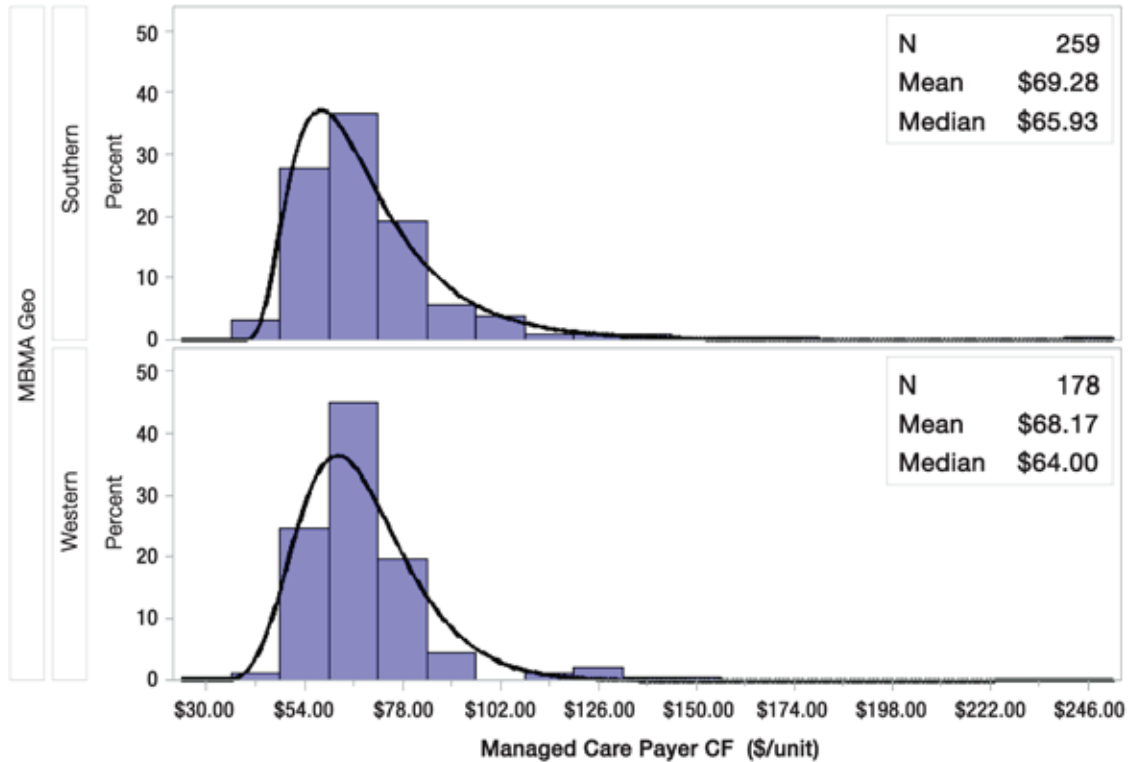
Variables	Influence	t-Value	p-Value
MGMA Region	Varies	7.06	0.0001
FTE Anesthesiologists	+	56.45	<0.0001
Total Anesthesia Cases	+	6.46	0.0113
Total Nurse Anesthetists	-	18.51	<0.0001
Payer Percentage of Practice	-	8.56	0.0036

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**Figure 2A: 2013 National Managed Care Contracts
Anesthesia Conversion Factors (\$/unit)**



**Figure 2B: 2013 National Managed Care Contracts
Anesthesia Conversion Factors (\$/unit)**



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Eight hundred eleven of the contracts are based upon a 15-minute unit, 18 upon a 12-minute unit, 31 are based upon a 10-minute unit and eight are based upon a mixture of 15-minute units for two-four hours and then change to a 10-minute unit. We normalized all contract conversion factors with 10- and 12-minute time units to the typical 15-minute time unit using an adjustment factor of 1.252 for 10-minute units and 1.126118 for 12-minute units (Table 3). Similar to the 2012 survey, the adjustment factors are calculated as ratios based on the average number of time and base units per case. To make these calculations, we used the national medians published in the MGMA “Cost Survey for Anesthesia and Pain Management Practices 2013 Report Based on 2012 Data.”

“We will continue to monitor the trend in the commercial conversion factor survey results and will launch the survey again in June 2014. It is important that as many practices as possible participate in the survey to help us obtain an accurate representation of the anesthesia commercial conversion factor. We look forward to your future participation and thank all of the practices that contributed to the 2013 results.”

We used generalized linear regression analysis to investigate the effect of various demographic and sampled factors upon the managed care conversion factor. The model accounted for 18.5 percent ($R^2=0.185$, F value =7.49, $p<0.0001$) of the variability of managed care conversion factors on the following factors: MGMA Region, Number of Full-Time Equivalent (FTE) Anesthesiologists, Total Anesthesia Cases, Total Nurse Anesthetists and Payer Percentage of Practice (Table 4). Most of these findings are not surprising. Practice location has always driven managed care contracts. Larger anesthesia groups measured either by number of anesthesiologists or number of anesthesia cases may have more bargaining power. Similarly, managed care payers who represent a larger portion of the market have increased market power and drive prices down. We have

no explanation why increasing numbers of nurse anesthetists would decrease managed care conversion factors. We pooled all contracts for each region and had sufficient contracts to report regional findings (Figures 2a, 2b). Each of the regions is shown as a histogram with the probability curve.

Table 5 (page 63) reports each region’s managed care contracts. Contract 1 reflected the highest percentage of the reported commercial business; Contract 2 reflected the second highest percentage, and so on. Thus, when looking at the data, you can see that Contract 1 not only reflects the greatest number of responses (223) but also the highest average percentage of managed care business (20.4 percent). We also reported the number of responses for each contract in Table 1.

Observations

Based on our review of the analysis, the most interesting findings include:

- The national average conversion factor increased from a range of \$64.80 – \$71.44 in 2012 to a range of \$70.33 – \$73.82. In addition, the median conversion factor increased from a range of \$66.70 – \$68 in 2012 to \$66 and \$69.
- Conversion factors across the country are similar, with the Eastern Region still having the highest.
- Every region and nearly every contract category had a reported conversion factor high of at least \$148. The highest conversion factor reported was \$250.40.

Conclusions

This year’s survey represents the largest sample size of all ASA CF surveys.

The survey median increased from 2012, with a national median of \$67.61 (mean \$71.69). The ranges of rates, shown in the figures, show less variance of conversion factors. The increased median conversion factor is likely due to a narrowing of the range of conversion factors trending slightly upward.

We will continue to monitor the trend in the commercial conversion factor survey results and will launch the survey again in June 2014. It is important that as many practices as possible participate in the survey to help us obtain an accurate representation of the anesthesia commercial conversion factor. We look forward to your future participation and thank all of the practices that contributed to the 2013 results.

References:

1. MGMA DataDive 2013 Cost Survey for Anesthesia and Pain Management Practices (Anesthesia and Pain Management Data Only). Englewood, CO: Medical Group Management Association; 2013.

Table 5: Regional Managed Care Anesthesia Conversion Factors (\$), 2013

	Contract 1	Contract 2	Contract 3	Contract 4	Contract 5	ALL
Eastern	n=76	n=72	n=64	n=50	n=37	n=299
Mean	75.89	76.73	75.66	77.49	74.75	76.17
Low	48.00	42.00	36.00	50.00	49.80	36.00
25th Percentile	64.48	63.50	61.50	65.00	62.00	64.00
Median	69.74	72.07	72.77	76.13	69.00	72.00
75th Percentile	81.70	87.00	85.93	88.00	84.00	85.86
High	150.00	150.00	150.00	115.00	107.67	150.00
Midwest	n=33	n=31	n=29	n=24	n=18	n=135
Mean	69.43	71.02	71.88	71.10	72.74	71.06
Low	50.00	38.00	45.00	52.00	56.00	38.00
25th Percentile	60.00	60.00	62.50	60.50	60.00	60.00
Median	63.30	65.31	68.00	67.00	68.75	65.31
75th Percentile	74.71	81.00	82.50	77.50	75.00	80.00
High	105.00	150.00	104.50	110.00	124.50	150.00
Southern	n=69	n=63	n=57	n=40	n=30	n=259
Mean	67.05	68.52	69.20	71.36	73.41	69.28
Low	45.00	45.00	42.50	44.00	45.00	42.50
25th Percentile	56.34	57.00	60.00	58.50	56.00	57.00
Median	62.00	67.20	67.00	70.00	65.97	65.93
75th Percentile	68.00	80.00	75.70	75.03	78.00	74.14
High	250.40	118.61	129.15	178.20	158.40	250.40
Western	n=45	n=44	n=38	n=32	n=19	n=178
Mean	66.59	65.49	69.78	68.86	73.70	68.17
Low	32.00	40.00	51.00	50.00	60.00	32.00
25th Percentile	58.54	58.45	58.25	60.25	62.00	59.00
Median	65.00	61.72	65.00	65.00	69.60	64.00
75th Percentile	71.00	72.00	73.00	73.25	80.00	73.00
High	125.00	125.00	148.00	125.00	125.00	148.00

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