

# ASA 2014 Survey Results for Commercial Fees Paid for Anesthesia Services

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**ASA is pleased to present the annual commercial conversion factor survey for 2014.** Each summer we anonymously survey anesthesiology practices across the country, asking them to report up to five of their largest managed care (commercial) contracts conversion factors (CF) 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.

## Summary

Based on the 2014 ASA commercial conversion factor survey results, the national average commercial conversion factor was \$70.00, ranging between \$66.98 and \$71.79 for the five contracts. The national median was \$66.00, ranging between \$63.88 and \$69.00 for the five contracts (Figure 1, Table 1). In the 2013 survey, the mean conversion factor ranged between \$70.33 and \$73.82 and the median ranged between \$66.00 and \$69.00. In contrast, the current national Medicare conversion factor for anesthesia services is \$22.62, or 32.3 percent of the 2014 overall mean commercial conversion factor.

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.

**Figure 1: 2014 National Managed Care Contracts Anesthesia Conversion Factors (\$/unit)**

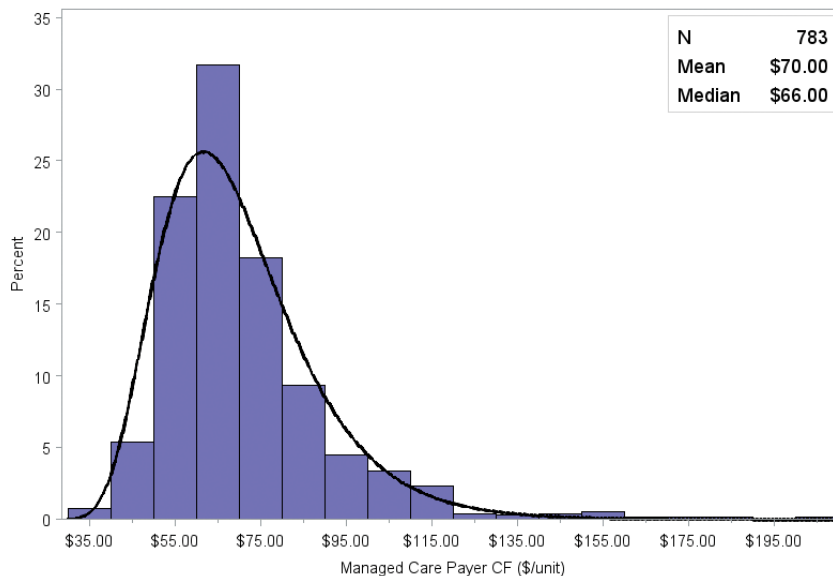


Table 2 (page 66) provides respondent demographics by region of the country as identified by the Medical Group Management Association (MGMA). These regions are:

- 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



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**Table 1 - National Managed Care Anesthesia Conversion Factors (\$/unit), 2014**

Conversion Factors	Contract 1	Contract 2	Contract 3	Contract 4	Contract 5	ALL
Mean	66.98	70.52	70.56	71.40	71.79	70.00
Low	30.00	35.57	30.00	40.00	40.00	30.00
25th Percentile	58.00	58.00	58.50	59.50	60.00	58.20
Median	63.88	66.00	68.00	69.00	67.50	66.00
75th Percentile	70.00	80.00	80.00	77.00	79.69	76.26
High	200.00	159.00	160.00	180.00	176.00	200.00
Number of Responses	190	181	163	143	106	783
<b>Percentage of Managed Care Business</b>	<b>18.9%</b>	<b>11.1%</b>	<b>6.4%</b>	<b>5.1%</b>	<b>4.0%</b>	<b>9.9%</b>

The survey reflects valid responses from 190 practices in 41 states, a decrease from last year's survey. The 2013 survey results included 223 practices from 44 states and the District of Columbia.

*“We will continue to monitor the trend in the commercial conversion factor survey results and will launch the survey again in June 2015. 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.”*

**Methodology**

The survey was disseminated in June 2014. 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 fourth year that we offered the survey electronically through the website [www.surveymonkey.com](http://www.surveymonkey.com). ASA urged participation through various electronic mail offerings, including ASA committee list servers, ASAP (ASAPAC and grassroots electronic newsletter), *Vital Signs* (ASAPAC and grassroots electronic newsletter) and via the ASA website.

The responses to the survey represented 232 unique practices. However, due to respondents providing incomplete data, we excluded 42 responses for the overall analysis. All were excluded because the respondents indicated they had at least one commercial contract (non-governmental payer) but then failed to provide any data.

Table 2 (page 66) presents demographic information for the 190 practices in the analytic sample. These practices employ or contract with 4,621 physician anesthesiologists, 3,618 nurse anesthetists and 467 anesthesiologist assistants (AAs). The practices also work with an additional 1,100 nurse anesthetists and 15 anesthesiologist assistants for whom the practice does not directly pay compensation (i.e., facility hires or contracts the nurse anesthetist or AA). The 190 practices account for a total of 783 managed care contracts.

Seven hundred thirty six of the contracts are based upon a 15-minute unit, nine upon a 12-minute unit, 32 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 1.236 for 10-minute units and 1.118

*Continued on page 66*

for 12-minute units (Table 3, page 68). Similar to the 2013 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 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 34.3 percent ( $R^2=0.343$ , F value =15.20,  $p<0.0001$ ) of the

variability of managed care conversion factors on the following factors: MGMA Region, Number of FTE Anesthesiologists, Care Team Ratio, Use of Fractional Units and Payment of Physical Status Modifier (Table 4, page 68). 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. Contracts that pay fractional units (typically rounded to the nearest tenth of unit) pay a higher rate than those that round up. Contracts that pay

**Table 2 - Respondent Demographics, 2014**

Region	Type	Practices	Cases	Units/ FTE M.D.	Units/ Case	FTE M.D.	FTE Nurse Anesthetist	FTE AA
Eastern	ACT	50	1,648,297	13,705	12.5	1,588.4	1,372.0 (465.0)	158.0 (0.0)
	Solo	3	117,352	6,213	8.35	158	2.0 (0.0)	0.0 (0.0)
	All	53	1,765,649	13,379	12.32	1,746.4	1,374.0 (465.0)	158.0 (0.0)
Midwest	ACT	50	1,648,297	13,705	12.5	1,588.4	1,372.0 (465.0)	158.0 (0.0)
	Solo	8	96,374	6,015	7.65	119.5	3.0 (0.0)	0.0 (0.0)
	All	35	1,042,860	16,097	8.87	847	713.8 (250.5)	61.0 (0.0)
Southern	ACT	62	2,380,304	19,140	10.12	1,365.2	1,415.1 (384.2)	228.7 (15.0)
	Solo	3	90,795	11,923	9.9	94.5	10.0 (0.0)	0.0 (0.0)
	All	65	2,471,099	18,753	10.11	1,459.7	1,425.1 (384.2)	228.7 (15.0)
Western	ACT	9	192,802	13,553	13.51	178.3	104.7 (0.0)	9.0 (0.0)
	Solo	19	310,268	7,737	10.67	389.3	0.0 (0.0)	10.0 (0.0)
	All	28	503,070	9,303	11.51	567.6	104.7 (0.0)	19.0 (0.0)
ALL	ACT	148	5,167,889	16,784	10.93	3,859.3	3,602.5 (1,099.7)	456.7 (15.0)
	Solo	33	614,789	7,768	9.91	761.3	15.0 (0.0)	10.0 (0.0)
	All	181	5,782,678	15,129	10.75	4,620.6	3,617.5 (1099.7)	466.7 (15.0)

ACT denotes Anesthesia Care Team  
(Number in parenthesis indicate the number of non-employed FTEs)

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for ASA Physical Status modifiers also pay at a higher rate. We have no explanation why an increasing care team ratio, (anesthetists/anesthesiologists) 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 69) 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 (190), but also the highest average percentage of managed care business (18.9 percent). We also reported the number of responses for each contract in Table 1.

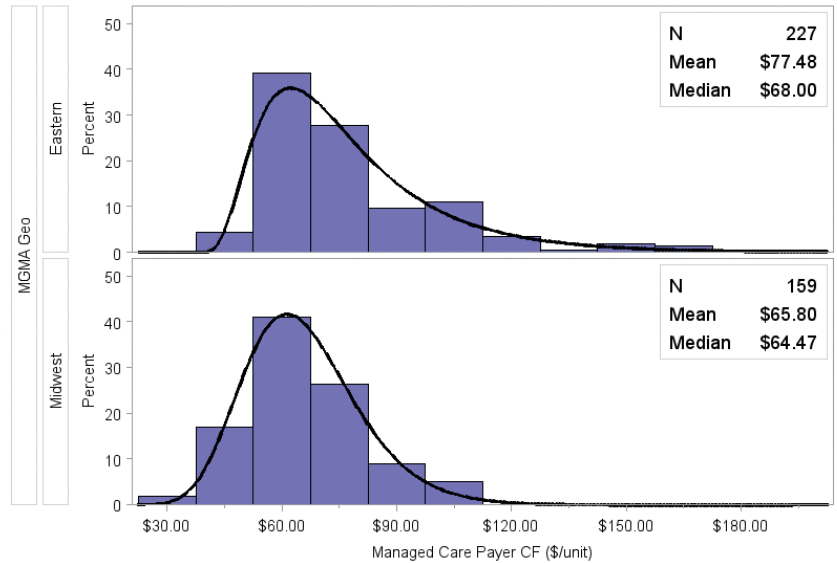
More groups are reporting that payers have approached them for flat fee contracts for certain procedures. Table 6 (page 68) shows respondents who identified they had flat fee contracts; 103 of the 190 groups (52.4 percent) negotiated at least one flat fee contract. 48.4 percent of the respondents have flat fee contracts for labor and delivery. Respondents in the Eastern and Southern regions are most likely to have these contracts.

### Observations

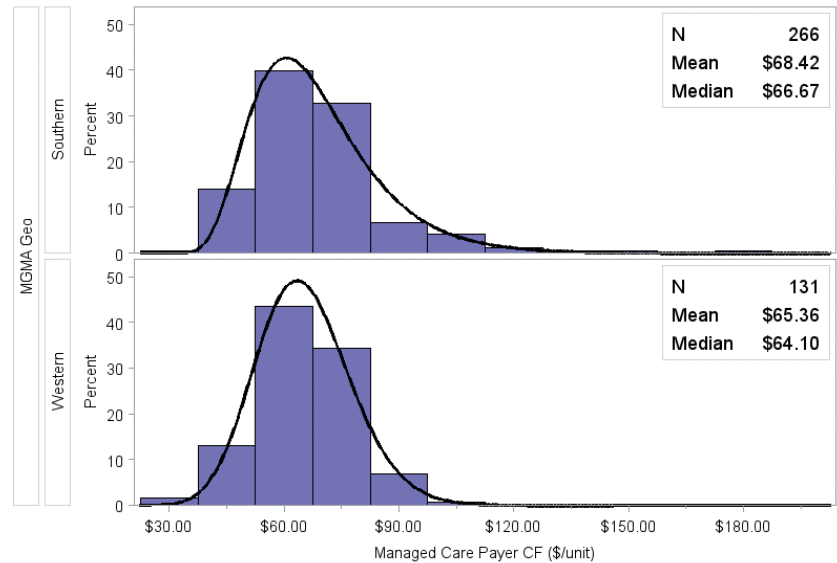
Based on our review of the analysis, the most interesting findings include:

- The national average conversion factor decreased slightly from a range of \$70.33 - \$73.92 in 2013 to a range of \$66.98 - \$71.79. In addition, the median conversion factor range broadened from \$66.00 - \$69.00 in 2013 to \$63.88-\$69.00.
- Conversion factors across the country are similar, with the Eastern Region still having the highest mean of \$77.48.
- Every region and nearly every contract category had a reported conversion factor high of at least \$98.08. The highest conversion factor reported was \$200.00.

**Figure 2a: 2014 National Managed Care Contracts  
Anesthesia Conversion Factors (\$/unit)**



**Figure 2b: 2014 National Managed Care Contracts  
Anesthesia Conversion Factors (\$/unit)**



### Conclusions

We were disappointed that this year's survey represents a smaller sample size than the 2013 ASA CF Survey, which represented the largest sample size of all our CF surveys.

The 2014 survey median was slightly decreased from last year with a national median of \$66.00 (mean \$70.00). We believe that previous ASA surveys have helped groups in

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their negotiations, leading to an increase in conversion factor. The ranges of rates, shown in the figures, show less variance of conversion factors. The slightly decreased median conversion factor is likely due to a narrowing of the range of conversion factors and not a trend toward lower contracts.

We will continue to monitor the trend in the commercial conversion factor survey results and will launch the survey again in June 2015. 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 2014 results.

**References:**

1. *MGMA Cost Survey for Anesthesia and Pain Management Practices: 2013 Report Based on 2012 Data*. Englewood, CO: Medical Group Management Association; 2013.

**Table 3 – Conversion Factor Adjustment Based on Time Units, 2014**

Base Units	6.15	Sum of Base and Time Units	CF Value Ratio Based for 15-minute Units
Minutes/Case	76.14		
10-minute time units	7.614	13.764	1.226
12-minute time units	6.345	12.495	1.113
15-minute time units	5.076	11.226	1.000

Mean Minutes per Case, Base Unit and Time Unit taken from *MGMA 2013 Cost Survey for Anesthesia and Pain Practices*, Table 1.8f., page 24.

**Table 4 – Influence of Selected Variables on Conversion Factor, 2014**

Variables	Influence	t Value	p-value
MGMA Region	Varies	13.77	<0.0001
FTE Anesthesiologists	+	6.05	<0.0001
CT Ratio	-	2.39	0.0172
Payer Pays Fractional Units	+	6.27	<0.0001
PPS Modifier Paid	+	2.97	0.0031

**Table 6 – Respondents Having Flat Fee Components, 2014**

	Flat Fee (Any)	Labor & Delivery	Endoscopy	Pain	Other
Eastern	35	32	1	2	3
Midwest	20	18	11	1	0
Southern	41	36	6	4	5
Western	7	6	0	1	1
<b>Total</b>	<b>103</b>	<b>92</b>	<b>18</b>	<b>8</b>	<b>9</b>

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**Table 5 - Regional Managed Care Anesthesia Conversion Factors (\$/unit), 2014**

	<b>Contract 1</b>	<b>Contract 2</b>	<b>Contract 3</b>	<b>Contract 4</b>	<b>Contract 5</b>	<b>ALL</b>
<b>Eastern</b>	n=55	n=53	n=46	n=40	n=33	n=227
<b>Mean</b>	75.12	78.52	76.58	79.55	78.47	77.48
<b>Low</b>	45.00	45.00	47.00	47.20	42.00	42.00
<b>25th Percentile</b>	60.00	59.25	58.00	65.00	64.00	60.00
<b>Median</b>	66.45	70.00	68.00	73.50	75.00	68.00
<b>75th Percentile</b>	73.63	89.00	88.43	90.00	90.47	87.00
<b>High</b>	200.00	159.00	160.00	180.00	118.50	200.00
<b>Midwest</b>	n=37	n=36	n=33	n=33	n=20	n=159
<b>Mean</b>	66.04	65.00	64.62	65.37	69.47	65.80
<b>Low</b>	41.00	40.00	30.00	40.00	46.75	30.00
<b>25th Percentile</b>	55.80	56.00	55.50	55.00	58.00	55.78
<b>Median</b>	63.44	62.00	64.47	67.00	70.00	64.47
<b>75th Percentile</b>	70.00	70.07	73.00	71.90	75.47	72.00
<b>High</b>	100.00	105.00	106.00	105.00	108.56	108.56
<b>Southern</b>	n=66	n=61	n=55	n=46	n=38	n=266
<b>Mean</b>	63.08	69.70	70.31	70.92	69.87	68.42
<b>Low</b>	45.00	35.57	40.00	45.90	43.00	35.57
<b>25th Percentile</b>	55.17	56.00	61.00	60.00	57.00	58.00
<b>Median</b>	61.00	69.00	69.67	68.00	67.00	66.67
<b>75th Percentile</b>	67.43	78.97	78.46	75.06	77.85	75.00
<b>High</b>	100.00	123.50	111.27	143.00	176.00	176.00
<b>Western</b>	n=32	n=31	n=29	n=24	n=15	n=131
<b>Mean</b>	62.10	64.87	68.25	67.05	65.02	65.36
<b>Low</b>	30.00	36.78	42.91	50.00	40.00	30.00
<b>25th Percentile</b>	53.22	56.00	61.00	58.00	58.90	57.00
<b>Median</b>	61.64	62.22	64.60	67.00	64.00	64.10
<b>75th Percentile</b>	69.93	72.00	76.00	73.88	73.00	73.00
<b>High</b>	82.00	98.08	93.80	92.00	92.00	98.08

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