



SullivanCotter recently partnered with a client to assess its professional services agreement (PSA) for anesthesia coverage – enabling the organization to stabilize coverage, improve financial performance, and enhance its service line strategy.



Private, **not-for-profit health system** in the Midwest with **revenue of \$5B**

Engaged to evaluate **terms and group performance** under PSA for anesthesiology coverage at **5 acute-care hospitals**

Challenges



- Original PSA quickly became **financially unsustainable** due to rising subsidies.
- Client **did not regularly measure performance** relative to contract terms or the market.
- Anesthesia group frequently **struggled to meet coverage demands** – forcing the health system to utilize **more costly alternatives**. It was also pressing for an increase in the financial subsidy within a short time frame in order to provide continued coverage.

Approach



- Conducted **interviews with key stakeholders** to understand both organization's goals, identify barriers to success, and improve overall performance.
- Performed **comprehensive assessment** of the PSA's **financial and operational performance** to help eliminate gaps in coverage.
- Identified **underperforming third-party** billings/collections provider.
- Focused on confirming that the **subsidy** paid to the group is **appropriate and compliant**.

Outcomes



- **Stabilized Coverage:** Renegotiated PSA terms to include clearer performance expectations and identified the optimal number of anesthesiologists to satisfy current and future coverage needs, patient volumes, and staffing models.
- **Improved Financial Performance:** Determined appropriate subsidy to support market-competitive and compliant compensation, agreed to conduct ongoing review of collections to validate subsidy and established new vendor to handle billing.
- **Enhanced Service Line Strategy:** Developed a sustainable anesthesia strategy to best meet organizational goals and growth related to surgical services.

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Looking to assess and improve your PSA performance?

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