

## CASE STUDY

# Effectively Negotiating Professional Services Agreements

## ANESTHESIOLOGY

See how we helped a large not-for-profit health system to stabilize coverage across **150 different anesthetizing locations**



### CHALLENGES

- Independent Group struggling with recruitment and retention due to reimbursement challenges and increasing market pay
- Critical need for significant increase in annual subsidy to maintain Group viability and anesthesia coverage
- Costly physician-heavy staffing model with 220 anesthesiologists and 10 CRNAs
- Compressed timeline to renegotiate PSA set to terminate in 3 months
- Limited system experience negotiating agreements at this level of investment and complexity
- Regional issues with anesthesiologist collaboration w/ providers and staff and misaligned coverage expectations



### APPROACH

- Assessed Group's operational and financial performance – including insurance collection and denial rates
- Established a playbook for the organization to prepare for the negotiation process and align on key financial and business terms
- Modeled OR utilization to determine the appropriate number of anesthesiologists and CRNAs required across all locations
- Replaced hourly transactional approach with shift-based model to determine FTE requirements and associated funding levels
- Led negotiation of financial terms and performance metrics, reviewed contract language, and evaluated proposed terms to ensure regulatory compliance

## What were the outcomes?



**Stabilized anesthesia coverage**, enhanced surgical **service line strategy and operations**, and optimized **financial sustainability**.

### Stabilized Coverage

Negotiated PSA terms to include clear performance expectations and metrics and identified the optimal number of providers to satisfy coverage needs.

### Transitioned to a New Model of Care

Established clear expectations and a potential roadmap for a care team transition within the term of the agreement.

### Enhanced Service Line Strategy

Developed a sustainable anesthesia strategy to best meet organizational goals and surgical services growth.

### Improved Financial Performance

Determined appropriate subsidy to support market-competitive and compliant compensation with a plan for review of collections to validate the subsidy in future years.

### Enabled Effective Governance

Created model for ongoing relationship management – including supporting contract language, a guide to manage JOC responsibilities, and provided orientation for the health system for their work with the group under the 3-year agreement.

## Is it time to renegotiate?



[Contact us to get started.](#)



Copyright © 2026 by SullivanCotter