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# CRH Anesthesia

## GI Anesthesia Partnerships and the Changing Landscape of GI Anesthesia

**D**eclining reimbursement and regulatory uncertainties have become prevalent in healthcare today. Jay Kreger, President of CRH Anesthesia, discusses how these changes have affected gastroenterology, as well as how partnering with experts in GI anesthesia can help to overcome current challenges and mitigate future risk.

**Before joining CRH Anesthesia, you were the VP of Development at HCA in the ambulatory surgery division. What motivated you to make the change and join CRH Anesthesia (CRH Medical Corporation)?**

I really enjoyed my work at HCA as we grew a network of more than 130 ASCs through acquisition and various partnership models. The attraction to CRH Medical came as a result of what they were doing within the GI community. They had been providing value to gastroenterologists for almost a decade through the CRH O'Regan Hemorrhoid Banding System, and now they were seemingly at the forefront of GI anesthesia.

CRH Anesthesia has been able to apply their knowledge of GI and leverage their relationships in the community to develop an outstanding value proposition for gastroenterologists. This idea of physicians partnering with proven experts in the field, managing operations of ancillaries was very appealing. It allows physicians to focus on the clinical aspects of their practices and drive patient satisfaction. That, along with all the other changes taking place in the GI industry, made CRH the ideal company for me. I knew I would be able to apply my skills to help further benefit CRH, their GI partners and their patients.

**Based on your more than 10 years of experience in the healthcare field, what changes have you seen in the GI space, and where do you see the industry going?**

There have been countless changes in healthcare – and, more specifically, gastroenterology – over the past decade. The Affordable Care Act is of course what most people think of first. Ever-increasing reimbursement pressures and rising deductibles impact both physicians and patients. Additionally, regulatory concerns have sometimes made the healthcare arena difficult to navigate.

These challenges have specifically impacted the GI community, putting undue pressure on practices to remain profitable while maintaining the same high quality of care. Demand for colon cancer screening has increased due to both the aging population and the push for the colonoscopy as a preventative procedure. This comes at a time when the continued decline in reimbursement for endoscopy procedures has led some gastroenterologists to retire early or opt out of Medicare,

putting even more strain on GI practices. The trend is continuing in 2018, with yet another cut to colonoscopy reimbursement scheduled.

As it relates to GI anesthesia, there has been a trend from conscious sedation toward Propofol as the standard of care. More than half of all colonoscopy patients are now being sedated by an anesthesia professional, whereas less than 20 percent used deep sedation just 10 years ago.

Due to these dynamics, GIs are increasingly seeking avenues through which they can improve patient care within their busy practices, introduce ancillary revenue streams to offset reimbursement cuts, and mitigate the risk of any further cuts or regulatory uncertainties in the future.

**What has CRH Anesthesia been doing to help meet anesthesia needs in the GI realm?**

CRH Anesthesia completed its first anesthesia acquisition in December 2014, and since then [at the time of this interview] has completed 14 additional transactions. We now service 35 ASCs across seven states, performing over 235,000 procedures annually. We have also recently launched a new MAC development program, thus entering an eighth state, whereby we are converting several ASCs from conscious sedation to Propofol.

We have the ability to partner with both independent and ASC-partnered physician groups nationwide, through a variety of anesthesia business models. We work with groups that already own their own anesthesia business and are interested in monetizing a portion of it. We also work with those that currently outsource their anesthesia, or use conscious sedation, and yet want to bring an anesthesia program in-house.

We take over the day-to-day operations of the anesthesia business, allowing our physician partners to focus on their patients, rather than managing their anesthesia business. CRH Anesthesia is focused on GI anesthesia, so the groups we work with benefit from our operational expertise and quality programs, as well as our billing and collections management. This also allows them to monetize some of the equity they've built up in their anesthesia business, while mitigating the risks of future declining reimbursement.

**Can you elaborate on the operational and billing expertise CRH Anesthesia offers? Why would a practice choose to partner with CRH Anesthesia rather than retain 100 percent ownership of their anesthesia business?**

Quite simply, our focus on GI anesthesia is what allows us to maximize quality and revenue in every area. From an operational standpoint, we have a dedicated QA/QI program which ensures quality of care, along with coverage offered by our vast network of experienced anesthesia providers. We are able to recruit as needed, schedule, train, etc., and we also have preferred access and pricing to Propofol.

From a financial standpoint, in addition to an upfront majority buyout, we are able to maximize profitability through improved reimbursement and more efficient collections. We have been successful in all of our partnerships to date, increasing the value of the minority interest retained by the group, thus offsetting dilution as a result of selling. Lastly, as I alluded to earlier, this allows our partners to take some of the regulatory and reimbursement risk off the table.

### **How are your partnership models tailored to suit GI practices with different needs?**

For groups that already own their own anesthesia business, we typically enter into a joint venture agreement allowing the physicians to monetize a portion of their business while continuing to benefit from the ongoing ancillary revenue stream. This future revenue stream (like other practice ancillary businesses) is often a physician recruitment incentive for the practice. Like the practice, the group has control of how partners enter/exit, which retains their autonomy. Lastly, the sale proceeds are typically taxed as long-term capital gains rather than ordinary income tax.

I already mentioned our MAC development program, which is ideal for groups who do not currently own anesthesia. They may currently either outsource their anesthesia services or use conscious sedation. As the preeminent provider of GI anesthesia in the U.S., we do everything required to set up the new business, including staffing, advisory services, regulatory approvals, contract negotiations and so on, and then take over the day-to-day operations of the business.

The clinical and operational benefits of using Propofol over

conscious sedation is beneficial to both the physicians and their patients. The introduction of this line of business creates a new ongoing revenue stream for the practice and, at the conclusion of the first 12 months, CRH will buy 51 percent of the newly created company at a predetermined multiple.

### **What are some of the hurdles CRH Anesthesia faces in its efforts to develop partnerships with GI anesthesia practices?**

Most often, it's just a matter of educating physicians on what we are offering and why it is worth considering a partner. This is especially true if they are unaware of certain events going on within the landscape of GI anesthesia. CRH Anesthesia keeps up on regulatory changes and reimbursement trends, which benefits our partners.

Additionally, although it is not a frequent occurrence, there are sometimes misunderstandings about the legal structure of our transactions or partnerships. We spend a great amount of time on compliance and take a proactive approach in the implementation of safeguards to protect against regulatory concerns and incentives for overutilization. We have to review the regulatory aspects with the practice and its counsel, and ensure compliance with federal and state laws.

Lastly, often it is just a matter of timing. Each practice is unique, and with all of the variables to consider, sometimes the timing simply isn't right.

### **How important is it for physicians to be aware of the forthcoming changes to the anesthesia landscape and carefully consider their options?**

Now more than ever is the right time for GI physicians to explore their options when considering declining reimbursement and regulatory uncertainties. Healthcare is ever changing, and identifying the right partner with the right expertise is paramount to overcoming the challenges. The future independence of the gastroenterologist as we currently know it may depend upon it. ■

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CRH addresses anesthesia service needs at GI ambulatory surgical centers nationwide. With CRH as your anesthesia partner, you're able to take advantage of all our areas of expertise, including staffing, program implementation, and daily management of everything anesthesia related.

We recognize that every practice is unique and that's why we don't have a "one size fits all" approach. Whether you're looking to monetize your current anesthesia business, would like to transition to deep sedation, or just want to bring anesthesia "in-house", our flexible partnership models allow our anesthesia services to integrate seamlessly into your center. At CRH, we are dedicated to working together with you to deliver only the highest quality of services to both your patients and your facility.