Testimony Re: HB 2295

House Health and Human Services Committee

Presented by Bob Wright

February 18, 2019

Thank you for the opportunity to speak to you today.

My name is Bob Wright.

I have a Degree in Business Administration from Indiana University, an MBA from the University of Indianapolis, a CPA license from the State of Indiana and am a Fellow in the Healthcare Financial Management Association.

I am currently the CEO at Newman Regional Health in Emporia, Kansas. I have been a hospital CEO for twenty years in hospitals as large as 416 beds with as many as sixteen operating rooms and as few as three. Prior to becoming a CEO, I worked as a CFO in hospitals and a health system for fourteen years.

I have managed hospitals with anesthesiologist only, CRNAs supervised by anesthesiologists and CRNA only models. It is my opinion that a supervised anesthesiologist assistant (AA) model is not feasible for the vast majority of hospitals in Kansas.

There are 127 short term acute care hospitals in Kansas. The vast majority of these would not use anesthesia assistants because they must be directly supervised by an anesthesiologist with a limit of four AAs that can be supervised by one anesthesiologist at any one time.

1. A hospital fully utilizing four operating rooms would lose money with an AA staffing model.

   According to the Medical Group Management Association's 2018 compensation survey, the average compensation for an anesthesiologist in the Southern Region of the United States which includes Kansas is $507,000 per year. Add 20% for benefits and the total cost becomes $608,000.

   The average compensation of an anesthesiology assistant was $164,000. Add 30% for benefits and the total cost becomes $213,000. The average compensation of a certified nurse anesthetist was $159,000 with a total cost of $207,000 including 30% benefits.

   So the cost for financially optimal staffing in a hospital with four fully utilized operating rooms utilizing a supervised anesthesiology assistant model would be $1,460,000 including $608,000 for one anesthesiologist and $852,000 for four anesthesiologist assistants.

   Staffing costs in that same hospital with an unsupervised CRNA model would be $632,000 less than the anesthesiologist assistant model, as the $608,000 cost of the supervising anesthesiologist would be saved and the total cost for four CRNAs would be $24,000 less that the four AAs.

Based on 2,559 short term acute care inpatient admissions last year, Newman Regional Health is the largest of the 85 Critical Access Hospitals in Kansas and the 24th largest hospital of any type in Kansas.

And even with two full time general surgeons and two full time orthopedic surgeons and a population in our service area of 45,000 people, we only have enough volume to support three CRNAs. So I am comfortable stating that except in highly populated areas, (of which there are only three in Kansas) 90% of all of the hospitals in Kansas will not benefit in any way from the entry of anesthesiologist assistants into the Kansas healthcare market, as they will not be able to afford them.

If as proposed anesthesiologist assistants also begin to go to school and train in Kansas, the number of CRNAs trained in Kansas will go down and the cost of anesthesia services provided CRNAs will go up as the supply of CRNAs gradually begin to dwindle.