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INDEPENDENT PRACTICE FOR CERTIFIED REGISTERED NURSE ANESTHETISTS IN THE RURAL SETTING

By

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Nonthesis Project Paper

Submitted to the Graduate Faculty

of the

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in partial fulfillment of the requirements

for the degree of

Master of Science

Grand Forks, North Dakota

2006

This independent project is dedicated to my ever loving and encouraging fiancé Scott, my beautiful daughter Madison and my supportive parents Mr. and Mrs. "Doc" Johannesson

PERMISSION

Title Independent Practice for Certified Registered Nurse Anesthetists in the Rural Setting

Department Nursing

Degree Master of Science

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Abstract

Certified Registered Nurse Anesthetists (CRNAs) are competent in delivering cost-effective, quality anesthesia care. Therefore, rural communities rely on CRNAs to provide anesthesia care in their facilities. With the shortage of CRNAs and anesthesiologists recruiting anesthesia providers to the rural communities has become a major issue. Without anesthesia services many rural facilities are unable to provide their community members with procedures that require anesthesia monitoring.

Rural communities, unlike urban, are unable to recruit CRNAs using financial incentives. This project will provide CRNAs information needed to practice independently in the rural setting. The sole anesthesia providers in many rural medical facilities are CRNAs; however, due to the shortage of CRNAs many rural facilities are experiencing difficulties recruiting. Rural facilities lack the monetary advantages of an urban community and therefore, are unable to recruit CRNAs using monetary incentives. Self-employment offers many advantages over employed practice and could help recruit CRNAs back to the rural setting.

This project will provide the CRNA with a guideline to follow in order to develop an independent practice. This project will include, (a) discussions with current CRNAs who are independent practioners, (b) what a business plan is, what the purpose of one is, and how to develop one; (c) where to get financing, (d) how to find business, (e) what type of contract is needed, (f) how to develop a contract, (g) what type of insurance is needed and where to get that insurance, and (h) how to bill for services administered.

In order to develop a guideline for CRNAs, a majority of this project will be personal contacts. The author will contact at least two CRNAs that have successful

independent practices. Information obtained from these individuals will give insight to the reader of how they started their practice, how they were able to finance it, and the advantages/disadvantages of this type of practice.

The author will also contact the American Association of Nurse Anesthetists, Blue Cross Blue Shield and the Small Business Center at the University of North Dakota. Information will be gained regarding, what states allow CRNAs to practice independently, rules/regulations that may apply to an independent CRNA practice, billing, financing, office space and contracting. The author may also contact a lawyer that specializes in this area to gain additional information.

Independent practice for CRNAs is new to the nurse anesthesia practice. Many adult learners prefer to have written instructions to follow as they encounter a new area. CRNAs are adults and therefore the author will provide them with this guideline for developing their own practice. The area that is in need for a CRNA independent practice is the rural community. This guideline will help recruit CRNAs to the rural community.

INDEPENDENT PRACTICE FOR CERTIFIED REGISTERED NURSE ANESTHETISTS IN THE RURAL SETTING

Chapter I

Introduction

A shortage of certified registered nurse anesthetists (CRNAs) is an increasing problem throughout the United States in many urban, rural, and underserved communities. According to AANA's (American Association of Nurse Anesthetists) 1998 Workforce Survey, thirty-five percent of respondents cited an increase in the number of unfilled CRNA positions, compared with twenty percent in 1997. Of the respondents, forty-three percent of the nurse anesthetist managers reported open positions for CRNAs within their departments, ranging from one to twelve available jobs. Fifty-nine percent of the respondents were actively recruiting CRNAs (American Association of Nurse Anesthetists, 2005).

CRNAs are anesthesia providers who administer approximately sixty-five percent of the 26 million anesthetics given to patients each year in the United States. CRNAs are the sole anesthesia providers in nearly half of all hospitals and more than two-thirds of the rural hospitals in the United States. Without CRNAs many rural medical facilities would not be able to offer obstetrical, surgical, and trauma services to the public (Country Nurse, 2005). This would force many rural Americans to travel long distances for such services (American Association of Nurse Anesthetists, 2005).

There are a number of reasons for the shortage in CRNAs including: (a) an increase in the number of procedures requiring anesthesia monitoring conducted outside the hospital setting (e.g., ambulatory surgery centers), (b) a decrease in the number of anesthesia residency programs, (c) recognition of the CRNAs capability to deliver high-quality anesthesia care at a decreased cost to the patient and insurance companies, leading to an expanded role (d) an increased number of CRNAs who are retiring, and (e) a decreased number of CRNA graduates (American Association of Nurse Anesthetists, 2005).

CRNAs have a reputation of being the sole anesthesia provider and delivering high-quality, cost-effective care to patients in rural communities. As Jan Stewart, CRNA, ARNP (Advanced Family Nurse Practitioner), past president of the AANA states, "We proudly practice where few anesthesiologists care to go." (American Association of Nurse Anesthetists, 2005, para 2). Working in the rural communities is not without its challenges. Many CRNAs in the rural setting are the sole providers of anesthesia, requiring them to work numerous hours without the variety of incentives offered to providers in urban communities. Due to the financial hardship that many rural facilities encounter, equipment, although adequate, is often dated (American Association of Nurse Anesthetists, 2005).

Nonetheless, most CRNAs find that the rewards of working in a smaller community far outweigh the negatives. Surgeons respect the knowledge and abilities of the CRNA, administrators appreciate their dedication, and community members enjoy being personally acquainted with their anesthesia provider. Providing anesthesia in a rural community is extremely diverse and can be vastly more rewarding than similar positions in a larger city. Community members also respect and appreciate the CRNA, knowing;

that without their work and dedication, many of the essential services CRNAs provide would not be available to them (American Association of Nurse Anesthetists, 2005). Conversely, CRNAs in rural communities find that their contributions to the community and the autonomy they experience make such positions appealing.

Clinical Problem

Rural health communities rely on CRNAs to provide the anesthesia services within their medical facilities. With the CRNA shortage and rural communities unable to offer monetary incentives, many CRNAs decline work in such areas. This creates a major concern for rural hospitals and community members because without these services, the facilities are unable to offer procedures that require anesthesia care. This would require community members to travel greater distances for surgical care.

Purpose of the Project

The purpose of this independent project is to provide CRNAs with information needed to practice independently in the rural setting. While the sole anesthesia providers in many rural medical facilities are CRNAs, most of these facilities are experiencing difficulties recruiting due to the current national shortage of CRNAs. Rural facilities lack the monetary advantages of an urban community and therefore, are less able to recruit CRNAs using monetary incentives. CRNA self-employment offers many advantages over employed practice and could help recruit CRNAs back to the rural setting.

Conceptual/Theoretical Framework

The conceptual framework utilized in this project is the Adult Learning Model. According to McEwen and Wills (2002) “By responding to the needs of the learner, and providing the learning resources required for learning, teachers facilitate learning”

(p. 335). Adult learning is different from traditional childhood learning. Adults want to know why they need to know what is being taught and they want to be given the information in a precise manner. The instructor must remember that adults have life experiences and a knowledge-base; they must never "talk down" to adult learners. Explaining to the adult learner why information is important and what benefits could be gained by knowing the information will help the adult become more enthusiastic about learning (Fidishun, 2005)

Speck (1996) noted that the following important points of adult learning theory should be considered when professional development activities are designed:

1. Adults will commit to learning when the goals and objectives are considered realistic and important to them. Application in the "real world" is important and relevant to the adult learner's personal and professional needs.
2. Adults want to be the origin of their own learning and will resist learning activities they believe are an attack on their competence. Thus, professional development needs to give participants some control over what, who, how, why, when, and where of their learning.
3. Adult learners need to see that the professional development learning and their day-to-day activities are related and relevant.
4. Adult learners need direct, concrete experiences in which they apply the learning in real work.
5. Adult learning has ego involved. Professional development must be structured to provide support from peers and to reduce the fear of judgment during learning.

6. Adults need to receive feedback on how they are doing and the results of their efforts. Opportunities must be built into professional development activities that allow the learner to practice the learning and receive structured, helpful feedback.
7. Adults need to participate in small-group activities during the learning to move them beyond understanding to application, analysis, synthesis, and evaluation. Small-group activities provide an opportunity to share, reflect, and generalize their learning experiences.
8. Adult learners come to learning with a wide range of previous experiences, knowledge, self-direction, interests, and competencies. This diversity must be accommodated in the professional development planning.
9. Transfer of learning for adults is not automatic and must be facilitated. Coaching and other kinds of follow-up support are needed to help adult learners transfer learning into daily practice so that it is sustained. (pp. 36-37)

The adult learning model will guide me in providing information to CRNAs that is essential in developing an independent nurse anesthetist practice. This model will allow me to supply the adult CRNAs the guidance they desire. The information on establishing an independent CRNA practice will guide CRNAs in making the transition from employee to employer. It will also provide them with knowledge regarding the benefits of working in rural communities.

Definitions

1. Certified Registered Nurse Anesthetist (CRNA) - CRNAs are independently responsible for the quality of their anesthesia care. They provide anesthetics to patients in collaboration with surgeons, dentists, ophthalmologists, anesthesiologists, podiatrists, and other qualified healthcare professionals. Anesthesia that is administered by a nurse anesthetist is considered the practice of nursing. Nurse Anesthetists are well educated. Following are typical educational requirements for a CRNA: (a) a Bachelor of Science in Nursing (BSN) or other appropriate baccalaureate degree; (b) a current license as a registered nurse; (c) at least one year of experience in an acute-care setting; (d) a graduate degree in Nursing (Master of Science or Master of Science in Nursing) from an accredited program in nurse anesthesia, averaging 24-36 months depending on the program; (e) all programs include clinical training in university-based, military and/or large community hospitals; and (f) pass a national certification examination following graduation (Hawaii Association of Nurse Anesthetists, 2005).
2. Medical facilities for this project are defined as traditional hospital operating rooms, ambulatory surgery centers, pain clinics, plastic surgery offices, dentist offices, physician offices, and eye clinics (CRNA, 2005).
3. Rural Communities in regards to this project will be defined as a community and the surrounding densely settled territory that together consist of 10,000 community members or less.

4. Urban Communities in regards to this project will be defined as a central city and the surrounding densely settled territory that together consist of 10,001 community members or more.
5. Self-employment is when the anesthetist is in effect, his or her own employer. All benefits, taxes and Social Security become the responsibility of the self-employed anesthetist (Mannino, 1994).
6. Employed practice – a CRNA is considered an employee by certain criteria established by common law and the Internal Revenue Service (IRS). In an employed status, the employer is required to withhold income tax on wages and pays the employer's share of Federal Insurance Contributions Act (FICA) tax as well as various other taxes such as unemployment and disability. The employer also covers benefits, including health insurance, vacations, sick leave, and malpractice insurance. In addition, employees are included in profit-sharing and other pension plans sponsored by the employer (Mannino, 1994).

Significance of the Project

This project will serve two populations, CRNAs and rural communities. It will provide essential information, in regard to setting up an independent CRNA practice that will assist in recruiting this profession back to rural communities, which will in turn provide this population with the anesthesia services they need.

Independent practice is intimidating for many CRNAs for several reasons including: (a) lack of knowledge in the business arena, (b) fear of change, (c) inadequate resources, and (d) the inability to know where to find necessary resources. There are many advantages to independent practice that are unknown to the CRNA. Some of the

advantages within this field of anesthesia care include; (a) freedom from bureaucratic policies, (b) generally higher incomes, (c) tax benefits for self employment, and (d) personal control (Mannino, 1994). Supplying CRNAs with the information needed to inquire about independent practice will guide them in the direction of this opportunity, which will then direct them to the rural communities where their services are needed.

In order to continue supplying their population with anesthesia services, rural medical facilities must be monetary conscious. CRNAs are able to provide anesthesia care to patients at a lower cost to the patient and insurance company compared to anesthesiologists. In order to keep cost down and yet be able to provide these services to the public, rural health facilities need to be able to attract CRNAs to their communities. This project will provide the essential necessities for CRNAs to develop an independent practice, which will benefit the CRNA financially and benefit the rural communities by attracting CRNAs with other advantages in working in the rural community.

Assumptions and Limitations

The following assumptions have been prepared for this project:

1. CRNAs are interested in learning about setting up an independent practice.
2. CRNAs would consider working in rural communities if monetary incentives were not a concern.
3. Rural communities are interested in providing anesthesia services through an independent practitioner.

The following limitations have been recognized for this project:

1. This project only applies to CRNAs.
2. Rules and regulations for anesthesia services vary within medical facilities. Such variations can make contract agreements time consuming and difficult for CRNAs. For example, the CRNA may need to draw up more than one contract to incorporate different regulations for each facility they provide services for.
3. Individual state laws may require extensive paperwork (e.g., Medicare reimbursement, insurance, and provider numbers) for CRNAs to complete regarding the anesthesia care they provide.

Chapter II

Review of Literature

CRNAs are anesthesia specialists who administer about 65 percent of the 26 million anesthetics given to patients in the United States every year. As previously stated in this paper, in rural communities, CRNAs are the sole anesthesia providers. While this situation has many advantages for the CRNA, it also has disadvantages. For example, you are the only anesthesia provider in a small rural hospital and have successfully administered anesthesia to a patient in the operating room. The case is going smoothly and you, as the CRNA, are in the maintenance phase when a patient in cardiac arrest comes into the emergency department. This patient is unable to breathe and the CRNA is the only person that is able to put in a breathing tube. What should the CRNA do? Education is the key. To prepare for emergency issues in the rural settings health care professionals must know what is acceptable and what is not. In these circumstances integrating other health care professionals (e.g. RN) and making them an "extra pair of hands" may be necessary. If the CRNA and other co-workers are knowledgeable about protocols and legal implications they will feel confident with their decisions. (Today's Surgical Nurse, 1997). Knowing the scope of practice, code of ethics, and standards of care for CRNAs will guide the CRNA in their decision-making.

Scope of Practice

According to the American Association of Nurse Anesthetists (1994), "nurse anesthetists administer anesthesia services generally in four stages: (a) pre-operative evaluation (e.g., chart review, patient assessment), (b) induction, maintenance, and emergence of anesthesia drugs; (c) post-operative care (e.g., pain management) and, (d) perianesthetic and clinical support functions." (pp. 4-5). The nurse anesthetist scope of practice includes, but is not limited to, the following (American Association of Nurse Anesthetists, 1992):

1. Performing and documenting a pre-anesthetic assessment and evaluation of the patient, including requesting consultations and diagnostic studies; selecting, obtaining, ordering, or administering pre-anesthetic medications and fluids; and obtaining informed consent for anesthesia.
2. Developing and implementing an anesthetic plan.
3. Selecting and initiating the planned anesthetic technique, which may include general, regional, and local anesthesia and intravenous sedation.
4. Selecting, obtaining, or administering the anesthetics, adjuvant drugs, and fluids necessary to manage the anesthetic, to maintain the patient's physiologic homeostasis, and to correct abnormal responses to the anesthesia or surgery.
5. Selecting, applying, or inserting appropriate noninvasive and invasive monitoring modalities for collecting and interpreting patient physiologic data.

6. Managing a patient's airway and pulmonary status using endotracheal intubation, mechanical ventilation, pharmacologic support, respiratory therapy, or extubation.
7. Managing emergence and recovery from anesthesia by selecting, obtaining, ordering, or administering medications, fluids, or ventilatory support in order to maintain homeostasis, to provide relief from pain and anesthesia side effects, or to prevent or manage complications.
8. Releasing or discharging patients from a post-anesthesia care unit or ambulatory surgical setting and providing post-anesthesia follow-up evaluation and care related to anesthesia side effects or complications.
9. Ordering, initiating, or modifying pain relief therapy through the use of drugs, regional anesthetic techniques, or other accepted pain relief modalities, including labor epidural analgesia.
10. Responding to emergency situations by providing airway management, administering emergency fluids or drugs, or using basic or advanced cardiac life support techniques.
11. Additional nurse anesthesia responsibilities within the expertise of the individual nurse anesthetist. (pp 1-2)

Standards of Care

Each CRNA, regardless of the practice setting, is responsible for providing high quality care. The AANA has developed Standards of Care to guide CRNAs in their practice. According to the American Association of Nurse Anesthetists (1994):

> It may not be possible for the CRNA to comply with each of these standards in certain extraordinary or emergency situations. It is expected that the CRNA should assess each patient's situation and utilize professional judgment in selecting a course of action and that in each case, the CRNA can demonstrate that the decisions made were in the best interest of the patient. (p. 92)

Anesthesia care begins prior to the patient going to the operating room. Every patient, unless it is an emergency or unusual circumstance, must receive a thorough pre-operative assessment. This includes reviewing the patient's chart for any significant history, checking laboratory and diagnostic tests, performing a physical exam (heart, lungs, etc.), and conducting a patient interview.

During the patient interview the anesthesia provider must gain a thorough understanding of the patient's history (e.g. medical problems, current medications, etc.). Questions should be focused on heart or lung disease, gastro-esophageal reflux disease, exercise intolerance, endocrine, hepatic, renal, and neurologic dysfunction, and any other information the provider feels is necessary after reviewing the chart. Any patient response indicating impairment needs further investigation and the surgery must be cancelled until such evaluation can be completed.

After all patient information is obtained, the CRNA then must decide on the safest anesthetic plan for the patient and type of surgery that is intended. This plan, including the risks and benefits, must be discussed with the patient in terminology that the patient will understand.

It is the CRNAs obligation to then obtain informed consent from the patient and/or legal guardian. The consent states that the anesthetic plan has been explained to

the patient, including the risks and benefits, and the patient understands and agrees to the plan. This document is then placed in the patient's medical record.

After the patient is in the operating room and the anesthetic plan has been successfully implemented, the key is vigilance. The CRNA is responsible to make sure that the patient is appropriately anesthetized and is required to intervene as necessary to maintain stable hemodynamics. The patient's physiological status, including ventilation, oxygenation, circulation, body temperature, and neuromuscular function is continuously monitored by the CRNA.

This vigilant care provided by the CRNA is documented on the intraoperative anesthesia record. This document must include all aspects of anesthetic care in the operating room, including: (a) pre-operative check of all the anesthesia equipment; (b) time of administration, dosage and route of all medications; (c) all intraoperative blood loss, urine output and labs; (d) amount and type of intravenous fluids administered; (e) any transfusions, (f) all procedures, for example placement of a nasogastric tube; (g) the timing of important events such as induction, surgical incision etc; (h) routine and special techniques such as one-lung ventilation, cardiopulmonary bypass, spinal anesthesia etc; (i) Any unusual events or complications, and (j) the patient's condition at the end of the surgical procedure.

After accompanying the patient to the post anesthesia care unit, the CRNA must remain with the patient until normal vital signs have been established and the patient's condition has been deemed stable. All essential information regarding the patient and procedure is then reported to the qualified personnel assuming responsibility for the patient.

The CRNAs number one responsibility is to the patient. To maintain this responsibility and the ability to provide the best care possible the CRNA must continually self-evaluate. This is accomplished by an ongoing assessment of innovations in clinical practice and implementing new research knowledge.

Code of Ethics

As stated by the American Association of Nurse Anesthetists, (1994) "the purpose of a Code of Ethics is to acknowledge a profession's acceptance of the responsibility and trust conferred upon it by society and to recognize the obligations inherent in the code" (p. 387). The Code of Ethics that follows defines a CRNAs professional responsibilities and expectations. It is essential that every CRNA knows as well as understands the Code of Ethics and incorporates them into their practice everyday.

I. Patient Care

The patient is the CRNAs number one responsibility and concern. The CRNA must respect that the patient has the right to make informed choices regarding their health care. Personally beliefs are difficult to ignore, however the CRNAs beliefs may not reflect the patient's beliefs and this realization needs to be accepted.

Each patient is entitled to human dignity. For example, if a patient is anesthetized in the operating room and their genitals are exposed it is the CRNAs responsibility to protect the patient's dignity and cover them up. The CRNA has taken away the patient's ability to protect themselves by administering anesthetics; therefore it is the CRNA who needs to be the patient advocate.

Each patient that enters the operating room is giving their trust to the CRNA. It is essential that the CRNA maintains vigilance and administers the safest anesthesia plan to every patient without discrimination.

II. Competence

CRNAs are educationally prepared individuals that are trained and legally qualified to administer anesthesia. In order to remain competent in this field CRNAs must strive for excellence. This is achieved by attending workshops, reading research and being involved in professional educational activities. Each CRNA is reviewed on a continual basis by peers and other health care professionals in an effort to maintain high quality health care services.

III. Professionalism.

Nurse anesthesia is a specialization that requires training and experience. Education within this practice relies on the CRNA. The CRNA is responsible to facilitate the learning process of other CRNAs, other health care professionals and the public.

Each CRNA ought to be aware of legality issues, educational research and practice regulations. CRNAs are autonomous and they are accountable for their actions. Institutional policies or physician orders do not supersede the CRNAs educational decisions regarding patient care, therefore CRNAs are personally held responsible for their actions.

IV. Societal Obligation

A CRNA is obligated to the public to be a responsible and professional societal member. The CRNA must be informed about health issues and the impact they may have in the practice of anesthesia. With this knowledge the CRNA is able to educate patients regarding their health care.

V. Confidentiality

The CRNA is obligated to maintain strict confidentiality. This includes discussing the patient by means of age, sex, surgery performed or any other information that may identify a patient. Cases that need discussion must be done behind closed doors and only with appropriate personnel. The only instance in which breech of confidentiality is appropriate is when it is required by law.

VI. Personal Integrity

A CRNA should show a sense of commitment to openness, honesty, inclusiveness and high standards in their leadership role. CRNAs must be aware of moral and legal rights for themselves, patients and the medical facility. Prior to signing a contract for employment the CRNA must consider the medical facilities mission statement. This will ensure that the CRNA and medical facility are striving for similar outcomes in patient care.

Substance abuse is not acceptable. It is the CRNAs obligation to abstain from such activities and report, to the proper authority, any knowledge of such doings.

VII. Endorsement

The CRNA must assume responsibility for the products or services that he/she endorses. The CRNA will be accountable for the quality and safety of these products. At no time may a CRNA act or portray themselves as an agent with the AANA, unless authorized by the Board of Directors.

VIII. Research Ethics

The CRNA will participate in research activities while respecting and protecting the rights of the patients or animals involved. The CRNA shall participate only in activities that will attempt to maximize benefits for the good of society. The projects are to be conducted in accordance with the standards set forth by the public law and institutional procedures.

IX. Practice Settings

There are a variety of settings in which CRNAs are able to practice anesthesia. Irregardless of the setting the CRNA has an obligation to bill according to the anesthesia care received. The reimbursement document should reflect reasonable charges for the time and anesthesia services that the patient received.

X. Employment Relations

Each CRNA must practice according to the standards which are set forth by the AANA. These standards must be included in contractual agreements.

Medicare/Medicaid's November 13, 2001 Final Rule

Prior to the November 13, 2001 rule, hospitals and ambulatory surgery centers were not reimbursed for the non-anesthesia aspects of care if the CRNA was not supervised by a physician. However, the CRNA themselves would be reimbursed for care

that they provided to the patient by Medicare. With this law in place, hospitals and ambulatory surgery centers did not contract with independent practicing CRNAs due to the fact they would not be reimbursed from Medicare (Schultz, 2000). As stated previously, many rural facilities rely on CRNAs for anesthesia services. This is almost certainly due to the financial cost of an anesthesiologist and because most anesthesiologists do not want to relocate to a rural area. This law, in turn, came up for review by the Health Care Financing Administration, which is the federal agency that administers the Medicaid, Medicare and child health insurance programs.

According to the Department of Health and Human Services (2001) the final rule is as follows:

> This final rule amends the Anesthesia Services Condition of Participation (CoP) for hospitals, the Surgical Services Condition of Participation for Critical Access Hospitals (CAH), and the Ambulatory Surgical Center (ASC) Conditions of Coverage Surgical Services. This final rule changes the physician supervision requirement for certified registered nurse anesthetists furnishing anesthesia services in hospitals, CAHs, and ASCs. Under this final rule, State laws will determine which professionals are permitted to administer anesthetics and the level of supervision required, recognizing a State's traditional domain in establishing professional licensure and scope-of-practice laws. States and hospitals are free to establish additional standards for professional practice and oversight as they deem necessary. (p. 4674)

Each state must have their governor submit a letter to the Centers of Medicare and Medicaid (CMS) in order to have "opt-out" status. This letter must state that the governor

has discussed issues related to the state's access to and quality of anesthesia services with the state's boards of medicine and nursing. It must also assert that it is in the best interest of the state for "opt-out" status and that this is within the state law (American Association of Nurse Anesthetists, 2005)

According to the AANA (2005), thirteen states currently have "opt-out" status. They include: (a) Iowa, since Dec 2001; (b) Nebraska, since February 2002; (c) Idaho, since March 2002; (d) Minnesota, since April 2002; (e) New Hampshire, since June 2002; (f) New Mexico, since November 2002; (g) Kansas, since March 2003; (h) North Dakota, since October 2003; (i) Washington, since October 2003; (j) Alaska, since October 2003; (k) Oregon, since December 2003; (l) Montana, since January 2004; and (m) South Dakota, since March 2005.

In effect, this law transferred the decision of CRNA supervision back to the state in which the CRNA is practicing. Contacting the State Association of Nurse Anesthetists in which the CRNA practices (e.g., North Dakota Association of Nurse Anesthetists [NDANA]) will provide information regarding this law in that particular state.

Summary

Studies have shown that CRNAs are the sole anesthesia providers in most rural communities. Given the CRNA shortage and monetary disadvantage, many rural facilities are not able to recruit CRNAs to their communities. Without anesthesia services the community members must travel far distances for anesthesia care.

Independent practice in the rural setting provides the CRNA many advantages including higher salary, independence, and freedom from bureaucratic policies. Establishing a quality CRNA private business takes time and effort. Attention needs to be

directed at vigilance, patient care, and reputation. There are essential guidelines that must be incorporated within a CRNA's practice and they include the Scope of Practice, Standards of Care, and Code of Ethics. With the information provided in this project developing an independent CRNA practice will be facilitated.

CHAPTER III

Introduction

Within the last four years nurse anesthesia practice has become a profession that is able to practice without the supervision of a medical doctor of anesthesia (MDA). There are currently thirteen states that permit certified registered nurse anesthetists (CRNAs) to practice independently. This has come about only after the November 13, 2001 rule. (American Association of Nurse Anesthetists, 2005).

Anesthesia is a tremendous expense to a patient, hospital, and insurance company. The rural communities are unable to financial recruit anesthesiologists to their area and therefore rely on CRNAs to provide anesthesia care. While there are many advantages to working in a rural community such as knowing your patients/family on a personal level, low crime, and student to teacher ratio is lower, many rural medical facilities are unable to recruit CRNAs based on these advantages alone. Rural communities compared to urban facilities are not in the position to offer higher monetary incentives. Having an independent practice will not only give the CRNA the monetary incentives, but will also offer him/her many other advantages such as autonomy. Developing a guideline for CRNA independent practice may help recruit CRNAs back to the rural communities by giving them the tools needed to navigate setting up an independent practice.

Target Audience

The target audience for this project is all persons who could be employed as a CRNA, specifically those who may be interested in developing an independent practice in the rural setting. This project developed a guideline for CRNAs to use in setting up an independent practice, with an expectation of facilitating recruitment of CRNAs to rural communities.

Methodology/Procedures

In order to develop a guideline for CRNAs, the majority of information for this project was gained through personal contacts. The author contacted three CRNAs that have established successful independent practices in rural settings. The criteria used to be considered "successful" for this project was that the CRNA's practice had been established for at least two years and the practice has shown a profit over the previous two years. Information obtained from these individuals provided insight to the reader of: (a) how they started their practice; (b) how they were able to finance their business; (c) if they utilize a business plan; (d) when, how, and why one is developed; (e) establishing contracts; (f) if they have employees, how they recruited them; (g) billing; and (h) the advantages and disadvantages of this form of practice.

The author contacted the American Association of Nurse Anesthetists to inquire about the states that have "opted out", or in other words that allow CRNAs to practice independently. The author obtained information from the American Association of Nurse Anesthetists regarding rules and/or regulations that may apply.

The author contacted Blue Cross Blue Shield to determine the process by which CRNAs bill medical facilities for their services and any rules and regulations that must be

followed. In order to practice and bill insurance companies, a CRNA is required to have a provider number and the author discovered how a person obtains one of these.

Finally, the author visited with an individual at the Small Business Center, University of North Dakota, to retrieve information on how a CRNA would build their own business. Information was gained regarding financing, office space, and contracting.

All individual names and businesses have been kept confidential and information is being kept in a locked box in a secure room. Information will be destroyed after three years. Institutional Review Board documents were filed for this project with the University of North Dakota and approved on October 21, 2005.

Evaluation Plans for the Project

The guideline that was developed through information obtained in this independent project was distributed to three practicing CRNAs for their review. Two of the CRNAs are employees of a hospital or surgery center with little knowledge regarding independent practice. The other CRNA has an established independent practice with extensive knowledge in this area. Each CRNA was asked to review the guideline and determine if the guideline is comprehensive and easy to follow.

CHAPTER IV

Introduction

Adult learners are hesitant to go outside of their "comfort zone" without some guidance. While student CRNAs learn a great deal about anesthesia in school, business courses are not part of the curriculum. This project will provide the CRNA with an introduction to the business world and it will also give present guidance to pursue the opportunity of establishing an independent CRNA practice.

Gathering information and putting it all together may be the most complicated step in developing an independent practice. This chapter will provide information regarding steps necessary to develop such a practice. The information is then organized into a guideline that the CRNA could follow in setting up an independent practice. This chapter will include:

1. What a business plan is, what the purpose of one is, and how to develop one.
2. Discussions with current CRNAs who are independent practitioners, using a questionnaire (appendix A) developed by the author.
3. Where to get financing.
4. How to find business.
5. What type of contract is needed and how to develop one.
6. What type of insurance is needed and where to get that insurance.
7. How to bill for services administered.

Business plan

The knowledge of how a business plan is prepared is not common knowledge. The author was able to discuss business plans with the three CRNAs that were interviewed and also by talking to a local business manager who encompasses these plans into a company on a regular basis. Knowledge about business plans was also gained through conversation with a person at a small business bureau on a local University campus.

A business plan is summary of how a business owner intends to implement activities necessary and sufficient for a new idea or for an entire business to succeed. For a small business it should include the proposed products, the market, the industry, the management policies, the marketing policies, production needs and financial needs. The plan outlines what, how, and from where the resources needed to accomplish the goal will be obtained and implemented. The plan should include a comprehensive explanation of the opportunity, the people involved, the money required to implement the plan, where the capital will come from, and what financial results the opportunity is likely to produce.

I. Purpose

The purpose of a business plan is to help the business owner allocate resources properly, handle unforeseen complications, and make good business decisions. It provides specific and organized information about the company and how it intends to repay borrowed money. This is a crucial document to present to financial institutions for loan opportunities.

II. Development of a business plan

1. Cover Sheet

    A. Name of the business

    B. Business address

    C. Telephone

    D. Tax ID or Social Security number

    E. Principals involved in business and contact address

    F. Accountant of record, address and phone

    G. Attorney of record, address and phone

    H. Banker, location, and phone

    I. Insurance agent, address, and phone

    J. Other business consultant or adviser, address, and phone

2. Statement of purpose

    A. Goals

    B. Money needed

        a. own investment

        b. Personal lenders

        c. Amount requested from this institution

    C. Use of these funds

    D. How will they benefit

    E. Your repayment plan

    F. Collateral and market value

3. Table of contents

I. The Business

A. Description of business

B. Marketing

C. Competition

Names and locations of the nearest competitors

How will the business be competitive?

D. Operating procedures – These are guides for employees that will provide direction, improve communication, reduce training time and improve work consistency.

E. Personnel

Will you need to hire any people? Job titles, job description and salary.

What training and fringe benefits must you provide?

F. Business insurance

II. Financial Data

A. Loan applications

B. Capital equipment and supply list

C. Balance Sheet

D. Breakeven analysis

E. Month-by-month if a new business

III. Supporting Documents

A. Tax returns of principals for last three years
B. Copy of proposed lease or purchase agreement for building space
C. Copy of licenses and other legal documents
D. Copy of resumes of all principals
E. Copies of letters of intent from suppliers

When developing a business plan be brief, but thorough. A health care business plan should avoid using medical jargon, and instead, use lay terms. The plan should be realistic when making estimates and should include business risks. Be specific about proposed reimbursement for services and possible cuts in fees. Present the document on letterhead stationery enclosed in an attractive cover with an attached business card. Be sure that the document is typed and grammatically correct. Please refer to appendix B for an example of a business plan outline and appendix C for an example of a business plan worksheet.

While all the CRNAs who filled out the, Developing an Independent CRNA Business, questionnaire agreed that a business plan is important, only one of the three utilized it on a consistent basis. The CRNA who does make use of a business plan states,

> In order to determine my gains vs. my losses I must have several business plans since I have multiple facilities that I provide anesthesia for. Many times I have to borrow from one facility's (facility A) gains in order to compensate another's (facility B) losses until all the facilities are making money, which hasn't happened

yet. Having a business plan ensures that when all is said and done I have money going into my pocket.

Financing

Whether a business is expanding or a new business is being formed, sufficient capitol, (money you personally invest or borrow) is essential. While searching for finances, you must consider your company's debt-to-equity ratio, which is the relation between dollars that have been borrowed and dollars that have been invested in the company. The more money that has been invested into the company the easier it is to attract financing.

According to The Small Business Center at a local University campus, there are two types of financing: equity and debt financing. If the company has a high ratio of equity to debt, debt financing is probably the best type. However, if a company has a high debt to equity ratio experts advise that the company would most likely benefit from increasing your ownership capitol (equity investment) for additional funds.

Equity financing

Equity financing is the act of supplying funds for operating expenses in exchange for capitol stock, stock purchase warrants, and options in the business financed without any guaranteed return, but with the opportunity to share in the company's profits. Overall, this involves selling a portion of your company in order to receive funds.

The most common source of professional equity funding comes from venture capitalists. Venture capitalists are risk takers and may be groups of wealthy individuals, government-assisted sources, or major financial institutions. They are seen as financial groups looking to invest money in new businesses. They analyze many potential

investments annually, but only invest in a handful. If your company has the possibility of offering public stock, this is critical in determining if venture capitalists will invest in your business. (CCH, 2006)

Debt financing

Debt financing is where you obtain a loan, which in return will put you into debt that you are obligated to repay at a predetermined interest rate. There are several sources for this type of financing: banks, savings and loans, and commercial finance companies are the most common. According to the Small Business Center, "banks have been the major source of small business funding". Their principal role has been as a short-term lender offering demand loans, seasonal lines of credit, and single-purpose loans for machinery and equipment. Another option for funding a business is state and local governments, which have developed many programs in recent years to encourage the growth of small businesses in recognition of their positive effects on the economy. (Orlandella, 2004)

All three of the CRNAs who returned questionnaires agreed that the best way to finance an independent practice new business is to personally save enough money to run the business for at least three months. One CRNA stated:

> It usually takes three to six months for you to see a profit. I would have seen a profit at three months or before if I would have had my provider number (one needed for each facility) and contracts signed (from payers) up front. Now with the UPIN (universal personal identification number) being assigned to CRNAs, it will be easier and quicker for new businesses to see a profit. The profit range will

vary based on number of cases, time of anesthesia and provider mix (higher profit from BCBS than Medicaid for example).

Marketing

Finding a business may involve a formalized marketing strategy, networking, or word of mouth, depending upon the geographical location, competition, and services offered by the new venture. Most frequently, CRNAs are approached by surgeons who have interest in anesthesia services in an office setting. Once the CRNA has established a reputable business, health care providers (surgeons, dentists etc.) may be interested in contracting with that particular business. Having a reputable business will give the CRNA an opportunity to expand their business if they so desire. Most CRNA independent practices are located in rural areas, in which word of mouth and networking are critical to a successful practice. Expressing interest in establishing an independent practice to area health care providers may be the CRNA's best opportunity for gaining customers.

The three CRNAs who responded to the author's questionnaire expressed that in business networking and word of mouth were the best ways to obtain business for their independent practices. When asked, "What is the one word of advice that you could give a CRNA starting their own business? All three of the CRNAs responded, "NETWORK".

Contracts

A contract is a written agreement between two or more parties. A contract creates an obligation between the parties to do or not to do a particular thing, which binds the two parties together and holds them accountable for the contents listed within the document. Any contract that is considered valid must contain certain elements which

include competent parties, a meeting of the minds, consideration, and legality (Mannino, 1994).

A contract between a hospital and independent CRNA practitioner is especially designed to accommodate every situation. The contract must be written with consideration to both parties and their needs. The following criteria needs to be included in all contracts: (a) parties, (b) independent contractor status, (c) term, (d) identification and qualifications of anesthetist, (e) medical staff privileges, (f) scope of duties, (g) space, (h) equipment and supplies, (i) support services and personnel, (j) quality assurance and control, (k) restrictive covenants, (l) compensation, (m) dispute resolution, (n) professional liability coverage and indemnity, (o) records and reports, (p) termination provisions, (q) assignability, and (r) integration clause. (Mannino, 1994) A lawyer who specializes in health care legal issues is able to prepare or inspect an individualized contract, which would accommodate all parties involved in each circumstance. Please refer to appendix D for an example of a contract.

All three CRNAs have contracts for each facility for which they provide services. Many times the CRNA will use a previously developed contract and revise that contract for each individual facility. One CRNA stated:

> Each contract overall says the same thing, however, one must adapt the contract for each facilities needs, or in other words play to the audience. For example, one of my contracts stated that I would have an income guarantee (because I did not believe that this particular facility would be able to make their case projections), meaning that no matter what I would be guaranteed a specific income. When I presented this contract to the facility they did not want to sign so I then began

negotiating and we decided that since they believed they would have a certain amount of cases (which is the part I did not believe) that instead of an income guarantee that I would have a case guarantee. As you can see I played the audience and in return achieved the same goal. You can alter contracts to meet your needs and the facilities and overall say the same thing.

Insurance

Health insurance

If the CRNA in independent practice plans to have employees, health insurance is one benefit that, if offered, will attract employees to the company. This benefit may make it easier for a business to hire and retain the best workers. Additionally, there are many tax incentives available to the employer and the employees when participating in group health insurance plans. Businesses can usually deduct 100% of the premiums they pay, and by offering group health insurance as part of a total compensation package, the business may be able to reduce pay roll taxes. An incentive for the employees is they can pay their portion of the monthly insurance premium with pre tax dollars.

Without employees the owner of the business may not have health insurance. Perhaps the owner has shopped around for individual plans or family plans and discovered the expense. However, obtaining insurance through the company the proprietor may get better rates then with the individual market.

Malpractice Insurance

While malpractice insurance can be obtained from most insurance companies, most independent CRNA practitioners obtain their malpractice insurance through AANA. When applying for malpractice make sure that tail coverage and umbrella coverage is

included. Tail coverage is liability insurance protection for claims filed after the insured is no longer covered by the insurance policy. The umbrella coverage is the type of insurance that is activated at the time of the need to pay a claim that exceeds the limits of the coverage on the standard malpractice liability insurance policy.

According the three CRNAs who returned questionnaires, malpractice insurance is hard to obtain at a reasonable price. With the number of lawsuits being brought forth today, not many insurance companies want to provide malpractice insurance. All three of the CRNAs obtain their malpractice insurance through the AANA. One stated, "I have shopped around for malpractice insurance and the AANA has offered me the best coverage at the best price. My advice to other practitioners would be to shop around and determine what is best for them in regards to coverage and price."

Two of the CRNAs, who do not have employees, do not have health insurance through their company. The other CRNA does provide health insurance through the company and states, "Health insurance can be obtained through just about any insurance company, but again, I would advise others to shop around to get the best price." All the CRNAs agreed that health insurance rates are more affordable through a company plan rather than an individual plan.

Billing

Billing is one of the more important aspects of independent practice and this provides the CRNA with the funds to continue practicing. However, this is not the easiest part of a business, especially if insurance billing will be involved. There are a couple different ways the company may choose to do billing, which include, (a) having an outside billing agency, (b) sign over the companies billing rights to the medical facility,

or (c) do the billing independently. Regardless of who does the billing there are two main areas that need to be considered; base units and time units.

Base Units

Anesthesia reimbursement practices are consistent with American Society of Anesthesiologists (ASA) for time based procedures. The ASA has derived base units that are sometimes referred to as "points" for each procedure preformed and a corresponding set fee. For example, a shoulder arthroscopy and rotator cuff repair is procedure code 1630 and has a base unit of 5. As stated by Mannino (1994):

> The base unit includes the value of all usual anesthesia services except the time actually spent in anesthesia care and the modifying factors. The basic value includes usual pre-operative and post-operative visits, the administration of fluids and/or blood incident to the anesthesia care and interpretation of noninvasive monitoring (ECG, temperature, blood pressure, oximetry, capnography, and mass spectrometry). (p. 3-2)

Time Units

A time unit is defined as a fifteen minute increment. The anesthesia provider will convert time using one unit for every fifteen minutes of service provided. Time units are rounded up after five minutes to a fifteen minute anesthesia time unit. According to Mannino (1994):

> Anesthesia time starts when the anesthetist begins to prepare the patient for anesthesia care in the operating room or in an equivalent area, and ends when the anesthetist is no longer in personal attendance, that is, when the patient may be safely placed under post-operative supervision. (p. 3-2)

All three of the CRNAs questioned for this project have hired an agency to do their billing. The CRNA usually pays the agency 5-7% of collection for their services. While facilities may offer to do the billing for the independent practitioner, the CRNAs who responded do not recommend this practice. As stated by one CRNA:

> I caution anybody in having a facility do your billing if you can avoid it. If you have the facility bill for you then all the MDs, administration, bookkeepers etc. know exactly what you make. This becomes a major issue when you want to negotiate your contract because your business becomes their business. It could also be considered against the anti-kickback laws to have them bill and keep a percentage.

One CRNA provided an example of their billing process:

> The amount collected is set by the insurance company/payers. As CRNAs, we can't balance bill the patients, it's illegal. So if it's Medicare, you get about $16.50 per unit. If it's BCBS, you get about $26.00-$40.00/unit depending on which state you're in. If it's Medicaid, you get about $13.00/unit. As you see, that's why the payer mix is so important. Also, patients often have an 80/20 policy, so the insurance or Medicare will pay 80% of the allowed amount, then you have to collect the 20% from the patient or secondary insurance. For example, say the case is a knee arthroscopy, 3 base units (ASA guide) + 4 time units (15 minute intervals) = 7 units total. The billed or charged amount is probably about $420.00 (as an example). If the patient has Medicare, you can only collect a total of $115.50 (16.50 X 7 units = $115.50). Of that Medicare will send you $92.40 (80% of $115.50). The secondary insurance or the patient will be

billed the $23.10 (20% of $115.50). The difference between the amount billed ($420.00) and the amount collected ($115.50) is never collected. We can not balance bill anyone for the difference of $304.50.

This example illustrates the independent CRNA practitioner's case mix of patients: Medicare, Medicaid and private insurance clients.

Summary

Studies have shown that adult learners, when taking on a new challenge, do better when information is given to them in a written approach. Adult learners also prefer to know how the information will apply to the "real world". Given the steps and the information required to apply independent practice to the "real world" will help the CRNA to take the next step.

There are several details to address in starting an independent CRNA practice. While the preceding steps are not conclusive, they do give the practitioner an excellent overview of the process. Taking the time to understand each step in detail will make the CRNA's transition from employee to employer much easier.

CHAPTER V

Introduction

There is a national shortage of CRNAs in all communities throughout the United States. However, rural communities have been impacted the most because CRNAs are often the sole anesthesia providers in two-thirds of the rural hospitals. Because of the CRNA shortage and rural communities unable to offer monetary recruitment incentives, CRNAs are unwilling to work in such areas. Without CRNAs, many rural hospitals would not be able to offer anesthesia services to their community members. This would force many rural Americans to travel long distances to receive such services (American Association of Nurse Anesthetists, 2005).

This chapter will provide the CRNA with a guideline to follow to setting up an independent practice. This guideline will give the CRNA direction in the preliminary stages of business planning. With this guideline the CRNA should be able to gain the knowledge necessary in developing a successful independent practice.

Guideline for independent practice

- Gain Business Knowledge
  - Read a Business Book (i.e. The Business of Anesthesia by Jeanette Mannino)
  - Enroll in a Business Class at a local college
  - Attend a Business Seminar that is provided through a Small Business Center or through a college.

- Gain Knowledge in Independent Anesthesia Practitioner Business
    - Talk with other independent anesthesia providers
- Decide the geographical area that you want to practice in
- Research Market Area
    - Determine Services Needed in the Community
        - Speak with hospital administrators, surgeons, dentists etc.
        - Learn about competition
            - What do competitors offer, price, length of contract etc.
- Summarize your idea for the business
    - Speak with others who have succeeded to discover what really works
- Check Legal Matters
    - Barriers to Practice
    - Obtaining Hospital Privileges (Credentialing)
    - Licensure and Certification
    - RN License
- Create a Business Plan
- Consult Professionals
    - Banker to determine finances available
    - Accountant to determine cost of their services
    - Lawyer to settle on cost of service and length of time it takes to draw up contracts etc.
    - Insurance Agent to decide what insurance for the company is needed and the cost.

Implications for Nursing

Information, derived from this project indicated that CRNAs are the sole anesthesia providers in nearly half of all hospitals and in more than two-thirds of the rural hospitals in the United States (American Association of Nurse Anesthetists, 2005). Rural facilities do not have the monetary advantages of an urban community and are therefore unable to offer CRNAs a competitive salary. A CRNA independent practice offers many advantages over employed practice and will help recruit CRNAs back to the rural community.

Education

According to Speck (1996), a couple of points should be considered when professional development activities are designed for the adult learner:

1. Adults will commit to learning when the goals and objectives are considered realistic and important to them. Application in the "real world" is important and relevant to the adult learner's personal and professional needs.
2. Adult learners need direct, concrete experiences in which they apply the learning in real world.
3. Transfer of learning for adults is not automatic and must be facilitated. (pp. 36-37)

Having personal contacts with other CRNAs will provide the learner with application in the real world. This will give the CRNA the realistic approach that adult learners need in order to change their current practice.

The guideline that has been developed will give the CRNA the concrete direction that many adult learners seek. Changing within one's practice is a stressful decision, but

with a guideline to follow and real experiences from other CRNAs this will decrease the stress and enhance the enthusiasm in this situation.

Research

The decision to develop an independent practice is stressful in itself. Unfortunately, the stress will not end there. Once a decision has been made to develop a business, the individual then needs to determine what type of business is best for them. There are many avenues to decide amongst, for example, sole proprietorship, incorporation, partnership or limited liability corporation (LLC). Considerations of personal liability, taxation, ability to raise capital, costs of setting up – legal fees and filling fees, nature of business, etc. will govern this decision.

Many people who have little or no education in the business field do not realize they have these options. Each situation is different and needs to be examined closely in regards to services offered, employment options, geographical location etc. to determine what avenue is best. Detailed research into each of these avenues is needed to help the practitioner make an informed decision.

Practice

As stated throughout this paper, most anesthesia providers in the rural community are CRNAs. However, many medical facilities in the rural communities are unable to offer the monetary incentives that urban facilities can. Therefore, developing an independent practice can provide the CRNAs the monetary incentives needed to practice in the rural community. Without these services rural medical facilities would not be able to offer procedures, which require anesthesia, and would cause their community members to have to travel long distances to receive these procedures. The medical facilities need to

be aware of or know how to find information regarding independent practice. With this knowledge these facilities would be able to offer a CRNA the knowledge and opportunity of independent practice.

Independent practice for CRNAs is new to the nurse anesthesia practice. Many adult learners prefer to have written instructions to follow as they encounter a new area. CRNAs are adults and therefore the author has provided a guideline for developing an independent practice. The area that is in need for a CRNA independent practice is the rural community. This guideline may help recruit CRNAs to the rural community.

Conclusion

This project provides CRNAs with a foundation to develop an independent practice. The components needed to begin a business were discussed. Where to go to gain knowledge in each of these areas has also been provided. The application of each area to the "real world" was discussed with current CRNAs who have their own practice. The author has taken all of this information and has developed a guideline to follow in the preliminary stages. This guideline is not conclusive, however it will provide the guidance needed to retrieve information necessary to get the business going. The more knowledgeable the independent practitioner is with the business aspect the more smoothly the process will go and the more successful the practice will be.

APPENDIX A

QUESTIONNAIRE

To Whom It May Concern:

My name is Amber L. Phillips; I'm currently a graduate student at the University of North Dakota in my last year specializing in nurse anesthesia. I have chosen to do my independent project on independent CRNA practice.

This project is minimal risk. It is totally voluntary. The information gathered will be shared only with the team members of this project or persons who audit Institutional Review Board records. Completed questionnaires will be stored in a locked cabinet and destroyed after three years.

The purpose of this independent project is to provide CRNAs with information needed to practice independently in the rural setting. The sole anesthesia providers in many rural medical facilities are CRNAs. However, due to the shortage of CRNAs, many rural medical facilities are experiencing difficulties recruiting. Rural facilities lack the monetary advantages of an urban community and therefore, are unable to recruit CRNAs using monetary incentives. Self-employment offers many advantages over employed practice and could help recruit CRNAs back to the rural setting.

I am currently gathering information from CRNAs about their experiences in practicing independently in the rural setting for this project. The following are questions that I have developed while doing research on this topic. Please insert your answers behind the questions and e-mail them back to me. Your willingness to participate in my project will be indicated by your completing the questions by e-mail. Once I have received your answers I will review them and contact you via phone to confirm and/or clarify your responses. If you do not wish to participate via e-mail but would you be willing to talk with me over the phone, please indicate that as well.

For questions related to this project, contact Dr. Julie Anderson (701-777-4541) (julieanderson@mail.und.nodak.edu) or Amber Phillips (701-454-3408) (amber.phillips@und.nodak.edu).

Thank you for your time and effort in participating with this project.

Sincerely,
Amber L. Phillips

Developing An Independent CRNA Business

1. What were the key steps to developing your independent practice (e.g., financing – how and where did you get financing, how did you develop contracts, how did you acquire business etc.)
2. What made you decide to have or not have employees? What are some of the advantages/disadvantages of having employees?
3. How many CRNA's did you employ your first year in business? What would you recommend for a new business?
4. How many medical facilities did you contract with your first year in business? What would you recommend for a new business?
5. What is the average time frame for a new business to make a profit? What is the average profit range (with or without employees)? What are some tips that you may have (things you would have done differently) that may gain a profit earlier?
6. What type of malpractice insurance do you carry? What is the price range of this insurance? Do you offer this to your employees? If you offer this to your employees are they required to pay a certain amount? What is the price range that your business must pay in order to have this as an incentive?
7. Does the hospital cover you in a law suit? If so is that in your contract?
8. Who might an independent practitioner get insurance (malpractice, health etc.) through?
9. What types of services does your business offer?
10. How does a new independent practitioner gain clinical privileges? Do they get privileges within the hospital and or state?
11. If you provide anesthesia services to centers other than a hospital how does this differ?

Business Plan

1. When should an independent practitioner develop a business plan?
2. What should be included in this business plan?

Contracts

1. Prior to your business administrating anesthetics to the medical facilities, which you have contracts did these medical facilities have anesthesia services?
2. If the medical facilities did have prior anesthesia services, what did your business offer these institutions to have them sign a contract with you? Who did you present your contract to? (e.g., CEO, Human resources etc.)

Employees

1. How did you recruit CRNAs? What types of incentives did you offer?
2. Do you have a larger profit the more CRNAs that you employ? Can you give an example?
3. How do you withhold taxes, social security, money for health insurance, malpractice insurance etc? Is there a computer program that tells you how much should be withheld from each employee? If there is not a computer program, how is this done?

Billing

1. How does your business bill for your services? Does your business do the billing, the hospital or a separate billing company?
2. If the hospital or a billing company does your billing can you give an example (do you increase your charge to the patient for this service, how is the patient billed, how do you receive your money etc)?
3. Is your business reimbursed on a fee for service agreement or a contract rate? Please give an example.
4. Are you reimbursed differently for call, obstetrics, emergencies (anything outside of regular scheduled operations) and if so can you give some examples?
5. Can you give examples on how your business is reimbursed by the following:
    a. Medicare
    b. Medicaid
    c. Private insurance
    d. No insurance
    e. Contract case

Miscellaneous

1. What is the one word of advice that you would offer to a CRNA just starting their business?
2. What are some mistakes that you made that you could share so that someone else just starting could avoid?
3. List some of the expenses that a new CRNA group can expect to encounter.
4. Can you give a step by step plan that a new CRNA could follow in order to develop a successful independent practice. With each step please explain how they would go about completing it. (i.e. set up a contract, 1st determine what services you are able to offer etc.)
5. Any other information you may have that has not been addressed.

APPENDIX B

BUSINESS PLAN OUTLINE

I. Introduction and Summary of Business Plan
   A. Purpose of the plan
   B. Business and history of the practice
   C. Market
   D. Summary of comparative income statement results
II. The Business: Its Industry and Objectives
   A. Industry background
      1. Example: History of private practice by CRNAs in various markets
      2. Licensure and certification of nurse anesthetists
      3. Accreditation requirements
      4. Legalities of practice
   B. Corporate short and long term objectives
   C. Company size; market share
   D. Expected rate of profitability goals
   E. Strategies to reach objectives
III. Services
   A. Principle services offered
      1. Example: administration of anesthesia for surgical patients
   B. Extra services offered
      1. Example: anesthesia department management
   C. Who will perform services
      1. CRNA owners
      2. CRNA subcontractors
      3. CRNA employees
      4. administrative and office personnel
      5. Others
IV. Market
   A. Assess market size, history, market segments and position in the market
   B. Costs and benefits of the service offered
   C. Pricing and pricing strategy
   D. Evaluation of competition
   E. Marketing strategy defined
V. Management
   A. Identify principle owner-managers
   B. Supporting external advisors
      1. Attorney
      2. Accountant
      3. Investors
      4. Lenders
   C. Board of Directors
VI. historical Financials – For ongoing businesses
   A. Last balance sheet plus income statements for past two to three years
   B. Brief explanation of major operating variances

VII. Financial Plan and Forecast
   A. Profit and loss/cash flow forecast, by month or quarter
   B. Forecasted balance sheets at year ends
   C. Analysis and assumptions made in forecast

VIII. Proposed Financing
   A. Desired financing
   B. Use of proceeds
   C. Securities or debt instruments offered, terms
   D. Payback and collateral

IX. The Future
   A. Commentary and summary on where the company is going

APPENDIX C

BUSINESS PLAN WORKSHEETS

Business Identification

1. The name of the business is ______________________________
2. Business address ______________________________
3. Actual location ______________________________
4. Telephone ______________________________
5. Tax ID or Social Security number ______________________________
6. Principals involved in business and contact addresses ______________________________
____
____
7. Accountant of record, address and phone ______________________________
8. Attorney of record, address and phone ______________________________
9. Banker, location, and phone ______________________________
10. Insurance agent, address, and phone ______________________________
11. Other business consultant or adviser, address, and phone ______________________________
____

Purpose

1. The goals of the proposed business are ______________________________
____
2. If an existing business, state purpose of acquisition or expansion ______________________________
____
3. Your experience to enable you to successfully manage the above-described enterprise
____
____
4. How much money will be needed?
   From your own investment ______________________________
   Other personal lenders ______________________________
   Loan requested from this institution ______________________________
5. How will you make use of these funds? ______________________________
____
6. How will they benefit the proposed business? ______________________________
____
7. What is you repayment plan? ______________________________
____
8. Please verify your statement in #7 ______________________________
____
9. Available collateral and market value ______________________________
____
10. Is the collateral, identified in #9, pledged to or owned by persons or institutions other than you? ______________________________

Description of Business

1. The legal description of the proposed business ________________________________

____

2. If it is a corporation, where has it been or will it be incorporated? ______________

____

3. Regular or S corporation? ______________________________________
4. Classification ____
5. Is this a new business? ____
   Expansion of an existing business? ______________________________
   Purchase of another's business? ________________________________
6. When are you projecting to begin operation? _______________________
7. If an existing business, outline existing history _____________________

____

____

8. Operating schedule of business __________________________________
9. Who is your competition? ______________________________________
10. Why will this business be successful and profitable? ________________

____

____

Your market

1. Primary market ____

____

2. Size of market: area, population _________________________________

____

3. What is your expected coverage or market penetration? ________________

____

4. What is anticipated growth potential? _____________________________

____

5. Will you be able to share in this market growth? How? _______________

____

6. How will you finance this anticipated growth? _______________________

____

7. How will you price your product/service? At what profit? _____________

____

8. What about your competition? Their pricing? Give examples. ___________

____

9. How will you promote your service? ______________________________

____

10. If you have developed any logos, slogans, ads, promotional aids, attach copies or samples.

Competition

1. Names and locations of your nearest competitors ________________________

____

2. Do you have any realistic information on their status? Proof? ______________

____

3. How will you be competitive? Better? __________________________________

____

4. How will you be different? Be specific about your advantages and how you can meet and beat competition, if needed? ______________________________________

____

5. Do you have any figures on their market share? ___________________________

6. What plans can you advance on getting some of that market share? Over what time period? At what cost? ____

____

Management

1. Attach detailed resume or curriculum vitae of each principal in the business.
2. Name each principal and related business experience in reference to the new business.

____

____

____

3. What are job descriptions of each of the above? Salaries? Fringe benefits? _________

____

____

4. What external management assistance can you call on, if and when necessary? ______

____

Personnel

1. Will you need to hire any people? If so, what are the job titles, functions, and expected salaries? ____

____

2. What training and fringe benefits must you provide? _______________________

____

3. Can you do with part-time employees? __________________________________

4. Are any of the proposed employees family members? _______________________

5. Specify a succession policy, in the event you become incapable of managing the business yourself. ____

____

Financial Information

1. Balance sheet – for the past three years if an established business; current if a new business.
2. Operating statement – for the past three years if an established business; current if a new business.
3. Projected cash flow – month-by-month if a new business; for three years, quarterly, if an established business.
4. Break-even analysis – month-by-month if a new business; for three years, quarterly, if an established business.
5. Financial statement for each principal, co-signer, or guarantor of the business.
6. Personal or business tax returns for the past year.
7. Capital equipment: if you need any, attach list of items, estimated cost or value of each.
8. Appraisal for from a bank-approved appraiser showing existence and current value of any real estate, vehicles, equipment, and machinery owned by the business.
9. Are there any other assets, not shown above, that you now own or might own in the near future that are important to disclose? ______________________________

APPENDIX D

CONTRACT

AGREEMENT FOR ANESTHESIA SERVICES

The AGREEMENT made and entered this date between hospital full name (hereinafter referred to as HOSPITAL) and CRNA group, (hereinafter GROUP)

WITNESSETH:

Whereas, the HOSPITAL operates and Anesthesia Department, and desires to retain full surgical and obstetrical services; and

Whereas, the HOSPITAL has determined that for proper and efficient operation of the Anesthesia Department several objectives must be met including among others, coordination of schedules and assignments, administrative ease and efficiency, consistency and uniformity in book and record keeping, and quality patient care; and

Whereas, the HOSPITAL has considered several alternative arrangements for providing anesthesia coverage and has determined that the proper, orderly and efficient delivery of quality Anesthesia services can be accomplished best by entering into a contractual arrangement with the GROUP; and

Whereas the GROUP is composed of Certified Registered Nurse Anesthetists (CRNAs), duly licensed by the State Board of Nursing and the Councils on Certification and Recertification of Nurse Anesthetists and are qualified to provide anesthesia services; and

Whereas, members of the GROUP, in anticipation of this agreement, have terminated other employment and located to the general area of the HOSPITAL; and

Whereas, the GROUP is willing to accept the responsibility of providing Anesthesia services in the hospital in accordance with recognized nurse anesthesiology standards, the Bylaws of the Medical Staff, the Bylaws of the hospital, and the terms set forth in this agreement;

NOW THEREFORE, in consideration of the terms and condition, covenants, agreements and obligations herein stated, it is now mutually agreed by and between the parties hereto as follows;

ARTICLE I RESPONSIBILITIES OF GROUP

The GROUP will use the personnel, space, equipment and supplies provided by the HOSPITAL solely for the practice of Anesthesia in the HOSPITAL'S Anesthesia Department. The GROUP will practice safe, state of the art anesthesia, while maintaining reasonable costs to the HOSPITAL and the patients.

The duties and responsibilities of the GROUP shall include, but not limited to:

1.1 Provide HOSPITAL full surgical and obstetric anesthesia services seven (7) days per week, twenty-four (24) hours per day.

1.2 Call back availability of twenty-five (25) minutes.

1.3 Monitoring and maintaining a quality assurance program.

1.4 Determine Anesthesia Department scheduling for all members of the GROUP.

1.5 Communicating with any patients who have complaints or problems with services performed in the Anesthesia Department as requested by the HOSPITAL.

1.6 The GROUP will employ generally accepted nurse anesthesiology and medical techniques and procedures to be determined by the anesthetist with consultation by the surgeon, but always according to the needs of the patient.

1.7 The GROUP and designees shall be in attendance and provide services for every procedure when their services are requested, major and minor, performed in the operating room, cystoscopy room, delivery room, emergency room, endoscopy room or other similar location used for surgical and diagnostic procedures, including cardiopulmonary resuscitation (CPR) and obstetric deliveries. It is understood by the HOSPITAL and the GROUP that there may be times when a CRNA cannot abandon a patient currently under his care to participate in CPR or other procedures in the HOSPITAL.

1.8 The GROUP will be responsible for all pre-anesthetic and post-anesthetic rounds in accordance with established HOSPITAL policy.

1.9 **Membership in Medical staff.** At all times during the terms of this agreement each member of the GROUP shall maintain Medical Staff privileges as members of the Affiliated Staff in accordance with Medical Staff By-laws and provide the HOSPITAL with necessary documentation concerning licensure and certification of all personnel in order to comply with Joint Commission on Accreditation of Health Care Organizations (JACHO) standards.

1.10 **Records.** The GROUP shall keep accurate and complete clinical records and will comply with all HOSPITAL and JACHO requirements including, but not limited to: participation in quality assurance studies, committee meetings and such activities as may be required from time to time. The ownership and right of control of all clinical reports, records and supporting documentation prepared in connection with the operation of the Anesthesia Department shall vest exclusively in the HOSPITAL, provided however, that the GROUP shall have the right of access to such reports, records, and supporting documentation as shall be provided by state law and HOSPITAL policies.

1.11 **Selection of additional personnel.** The GROUP shall interview and select additional CRNAs to assist with coverage s needed by the HOSPITAL or GROUP. All billing for services rendered and compensation for additional CRNAs will be the responsibility of the GROUP and not the HOSPITAL. The GROUP will assist any additional CRNAs to receive appropriate medical staff privileges and cooperate with the HOSPITAL on this matter.

ARTICLE II COMPENSATION AND BILLING

Charges for Professional Services. The GROUP will make charges for professional anesthesia services rendered by personnel of the GROUP.

2.1 **Billing and Collections.** The GROUP shall be responsible for billing and collection of professional charges for anesthesia services.

2.2 **Charges and fees.** Such charges shall be the sole compensation to the GROUP for professional services rendered and the hospital will in no manner be held liable for compensation of the GROUP. Charges shall be in accordance with usual and customary fees charged for similar services elsewhere in the HOSPITAL'S service area, and may be amended from time to time to the extent necessary to maintain conformity with the usual and customary fees charged for comparable services in the same area. The GROUP shall make the fee schedule available to the HOSPITAL and will keep the HOSPITAL informed of any fee changes as they may occur.

ARTICLE III HOSPITAL OBLIGATION

3.1 **Equipment and supplies.** The HOSPITAL shall provide the GROUP with such anesthetic agents, supplies and equipment required for the proper operation and conduct of state of the art, quality anesthesia services. They shall maintain in good operating condition and replace such equipment upon its obsolescence, as may be required, subject to budgetary considerations as finally determined by the HOSPITAL.

3.2 **Charges and supplies.** The HOSPITAL will make separate charges for equipment and supplies, such charges in no way to be connected to fees billed for anesthesia rendered by professional personnel as designees of the GROUP.

ARTICLE IV INDEPENDENT CONTRACTOR

It is mutually understood and agreed that at all times the GROUP shall act and perform as independent contractors, practicing and specializing in their profession as CRNAs. The relationship between the parties hereto shall not be that of principal and agent, nor master and servant or any other type of employment relationship.

ARTICLE V LIABILITY INSURANCE AND INDEMNIFICATION

At all times during the term of this agreement, the GROUP will provide liability insurance at no additional expense to the HOSPITAL, in the minimum amount of One Hundred and Three Hundred Thousand Dollars.

The HOSPITAL and GROUP shall indemnify and hold each other harmless from and against any and all liability, losses, damages, claims, causes of action, costs and expenses (including reasonable attorney's fees), which directly or indirectly arise out of performance of duties hereunder by HOSPITAL and GROUP.

ARTICLE VI TERM

The term of this agreement will be twelve months effective date and will automatically continue on an annual basis unless wither party gives a written notice at least thirty (30) days prior to the termination of any annual period or terminated as provided for hereunder.

ARTICLE VII TERMINATION

7.1 Any conduct of the GROUP which jeopardized the health, safety or welfare of any person, or the safety, reputation or regular function of the HOSPITAL.

7.2 Failure of the GROUP to provide coverage as required in previous section herein.

7.3 If the GROUP commits a material breach of any of the terms of this agreement other than those listed above, the HOSPITAL may terminate this agreement upon no less than thirty days written notice.

7.4 In the event the HOSPITAL breaches any material term of this agreement the GROUP may terminate upon no less than thirty days written notice.

ARTICLE VIII FINANCIAL GUARANTEE

The HOSPITAL shall guarantee that the GROUP shall have monthly collections of $___ for each member of the GROUP (which amount shall be referred to as the guarantee amount) for six months beginning from the time the GROUP is accepted to the medical staff of the HOSPITAL (which period shall be referred to as the guarantee period) should collections for any month's total collections to the guarantee amount.

During the guarantee period, and only during that period, HOSPITAL shall require a statement each month during the guarantee period from the GROUP's accounting firm so that the HOSPITAL advance may be calculated for the next month. The HOSPITAL, through its administrator chief financial officer or other designated agent, shall have the right to inspect the GROUPS's book as reasonably required. The GROUP agrees to make available to the HOSPITAL, on a regular basis, not less than monthly, complete access to all books and records of its practice for purposes of verifying the monthly collections derived from the practice. For purposes of this agreement total collections shall include amounts actually collected form patients or other third-party payers for the services rendered by the GROUP.

The GROUP agrees that the funds advanced by the HOSPITAL pursuant to this article are to be repaid in full by the GROUP to the HOSPITAL. If in any month during this period, the GROUPS's monthly gross income from its practice exceeds the guaranteed amount, the GROUP must pay the HOSPITAL the total gross income in excess of the guaranteed amount; provided that at such time as the total amount advanced by the HOSPITAL has been repaid, this requirement shall cease.

In the event the GROUP should leave the city area or cease to be in full time anesthesia practice prior to the expiration of this agreement, the obligation of the HOSPITAL to provide any further financial guarantee shall cease and all sums advanced by the HOSPITAL shall be due and payable on the first day of the third month after the GROUP ceases to practice or leaves city and payment will continue on the first of each month until paid in full.

ARTICLE IX EXCLUSIVE AGREEMENT

It has been determined that it is in the best interest of the GROUP, because of the necessity to terminate previous employment and to relocate to the city area, to enter into an exclusive agreement with the HOSPITAL, wherein the GROUP shall have the exclusive right to administer anesthesia and related services in the HOSPITAL.

ARTICLE X MISCELLANEOUS PROVISIONS

10.1 **Supervening Law.** The interpretation and enforcement of this agreement shall be governed by the laws of the State of State.

10.2 **No Implied waiver.** Any invalidity or enforceability of any provisions of this agreement will not affect the validity or enforceability of any other provisions.

10.3 Entire agreement. This agreement constitutes the entire agreement of the parties with respect to the subject matter hereof. All amendments must be in writing, agreed to and signed by both parties. In the event the parties do not agree to modifications of this Agreement, this Agreement shall continue in effect without modifications until terminated in accordance with the provisions as set forth in this Agreement.

IN WITNESS WHEREOF, the parties here to have executed this agreement as of this day and year first written above.

____

Administrator
Hospital

____

President
CRNA group

____

Secretary
CRNA group

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