

Salary/career survey

Business manager role evolving with challenging times

The percentage of healthcare facilities with a business manager has remained roughly the same over the past several years, and most tend to work in teaching hospitals, according to the 24th annual OR Manager Salary/Career Survey. However, business managers' education and experience seem to vary widely, as do their areas of responsibility.

Opinions about what constitutes the ideal background are mixed, but business managers who spoke to OR Manager agree that the ability to analyze data, keep up with the latest technology, and understand the clinical staff's needs are the keys to success.

About the survey

Data for the OR Manager Salary/Career Survey were collected from April to May 2014. The survey list comprised 800 OR Manager subscribers who are directors (or equivalent) of hospital ORs. The survey was closed with 138 usable responses—a 17% response rate. To ensure representation of the target audience, results were filtered to include only the 131 respondents who work full time as a manager or director. The margin of error is ±7.9 percentage points at the 95% confidence level.

Survey results on staffing and salary data for OR directors and managers, as well as articles about the impact of healthcare reform on hospitals and ambulatory surgery centers, appeared in the September and October issues of OR Manager.

Trends and qualifications

About a third of OR leaders reported having a business manager, essentially the same as last year and comparable to 37% in 2009. Nearly two-thirds of business managers work in teaching hospitals, a trend that is consistent with last year's results and reflects an increase from the 54% from 5 years ago.

Most survey respondents (58%) require business managers to have a bachelor's degree, and more than a third require a master's.

The percentage of hospitals that require a clinical background for a perioperative business manager, however, has declined significantly, from 78% in 2009 to only 28% this year.

"Not having a clinical background is like working with one arm tied behind your back," says Paul Rhodes, RN, operating room business manager at Maricopa Integrated Health System in Phoenix, a level 1 trauma center with 11 ORs and the second largest burn center in the country.

"It's hard to understand the critical needs of surgeons and staff without the clinical background," Rhodes says. For example, someone without clinical experience might not appreciate the immediate need for a microscope cover that is on "back order."

"A clinical background has some definite advantages," agrees Michael Holder, MHA, who started his career as a recreational therapist before moving into business operations.

When he became business manager for surgical services at New Hanover Regional Medical Center in Wilmington, North Carolina, he made a point of spending time in the OR, learning about equipment and processes. Holder is responsible for a total of 35 ORs at three locations.

Average annual salary	
(n=43)	
Mean = \$86,000	
Median = \$87,500	
\$100K+	21%
\$90K-\$99,999	14%
\$80K-\$89,999	14%
\$70K-\$79,999	7%
\$60K-\$69,999	2%
<\$60K	12%
Don't know	30%

Number of direct reports	
10 or more	9%
5 to 9	40%
>5	28%
none	23%

But not having a clinical background can yield its own advantages. “There are a lot of times I wish I had that clinical background, but it’s good to have someone outside looking at things a different way,” says Robin Main, MHA, business manager for UF Health in Gainesville, Florida, which has an annual volume of 31,000 cases for its 47 ORs at four sites.

She works closely with the assistant vice president of surgical services, who has clinical expertise. “It’s a good partnership because we complement each other.”

Main was an industrial engineer before moving into the business world. To ensure she is not overly focused on the business perspective, Main spends some time watching cases in the OR.

“It brings me back to why we’re here; we’re here for the patients. They are scared, they are sick, and they are nervous. We’re here for them,” she says.

Business managers must be good problem solvers, have good critical thinking skills, and be able to support processes that are patient centered, she notes.

Salary

The average annual salary is \$86,000, up from \$78,600 in 2009 and slightly higher than last year’s \$83,900. The median reported annual salary for business managers was \$87,500.

Those in the Northeast earn the highest average salary (\$110,000), followed by the Midwest (\$92,800), South (\$71,600), and West (\$68,400).

Interestingly, the type of hospital (community vs teaching) and number of facilities (one vs more than one) had minimal impact on average salary. However, the fact that 30% of respondents answered “don’t know” to this question may have skewed the results.

Scope of responsibility

Nearly half of business managers have five or more direct reports, and only 23% have none. Filling those reporting roles isn’t always easy.

“It’s hard to find staff with the skill to manage the supply chain process in the OR,” Rhodes says. “You often have to educate clinical staff to help them evolve into management and to understand the tie between the clinical and business worlds.” In addition to business management, he oversees the OR schedulers and is responsible for block time.

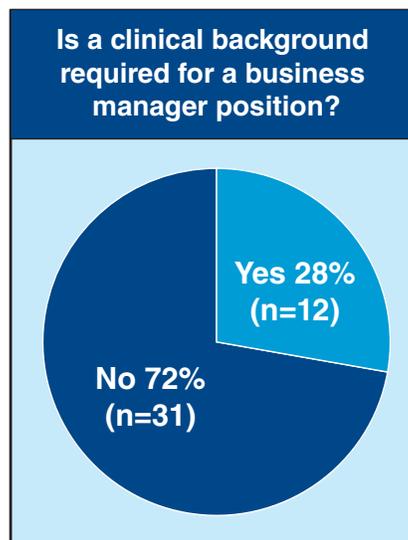
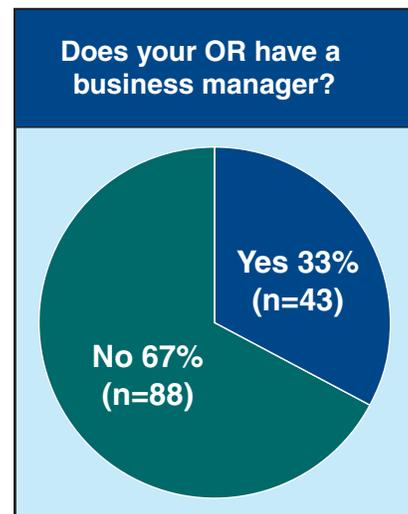
According to the survey, some areas of responsibility for business managers have evolved. For example, in 2009, 71% of business managers were responsible for billing and reimbursement, compared to 47% this year. Other areas of significant decline (10 or more percentage points) were financial analysis and reporting, materials management, surgical services information systems, and quality improvement.

Responsibilities have increased in only two areas, according to the survey: value analysis and product selection, and purchasing OR supplies and equipment. However, given the wide variation in how the role is enacted, it’s difficult to make general conclusions.

Rhodes, who has been a business manager for 7 years, has seen the role evolve into a more formal process that includes balancing multiple responsibilities related to accounting, finance, and revenue management.

“Setting up a charge structure is so crucial,” he says, adding that it’s also important to understand contracts and have the ability to pull together clinical needs, billing, and contracting.

Main, who has been a business manager for 6 years, says she has seen an in-



crease in collaboration with physicians and administrators. “Surgeons are now involved and engaged in decisions, and that’s dramatically improved the relationship,” she notes.

Main also has seen business managers become increasingly involved in high-level administrative decisions. “We now have more data available for making better decisions because of EHRs [electronic health records] and other sources,” she says. “People are demanding data.”

Problems and solutions

“The biggest challenges of the role are supply issues [such as product conversions], physician relations, dealing with new technology, managing capital investments, and trying to grow volume,” Holder says.

“Our ideas of quality in the hospital can be different from the surgeons,” says Holder. “They are patient focused, and we have to be both patient and financially focused.” Holder offers the following advice:

- Learn negotiating skills.
- Know the clinical staff; one benefit is they will come to the business managers with cost-saving ideas.
- Understand that surgeons have their own business to manage, so their perspective differs from that of the OR business manager.
- Be open and honest with surgeons. Sometimes you can’t make the decision they want, so this will pay off in the long run.
- Don’t get caught between clinical and nonclinical administrators (Holder reports to both). If they disagree, get them both in the same room to discuss the issue.

Main says that staying on the cutting edge of technology while controlling costs is difficult: “There is a lot of new technology out there, and of course it costs more than the old technology.”

She cites the example of the transcatheter aortic valve replacement (TAVR) procedure. “TAVR valves cost a lot of money, so we have to weigh whether to do these procedures and, if so, how we are going to control costs. You have to make it clear to surgeons that your most important goal is patient safety and patient satisfaction,” she explains. She adds the following tips:

- Interact with the staff so you understand their perspective. For example, spending time in the OR can help identify why implant charges aren’t being captured correctly.
- Understand how clinical documentation works.
- Have excellent Microsoft Excel, report writing, and computer skills.

“You have to have a good foundation in the clinical and business environments before you get started,” says Rhodes.

His advice:

- Understand spreadsheets, markups, and the differences between buying

Facilities with business managers	
By number of facilities	
1	23% (n = 23)
>1	63% (n = 17)
By facility type	
Community	23% (n = 23)
Teaching	65% (n = 20)

Degree required	
Bachelor's	58%
MBA	21%
Other master's	14%
Other	5%
None	2%

Comparison of 5-year data		
	2014	2009
Respondents who have a business manager	33%	37%
Average salary	\$86,000	\$78,600
Clinical background required	28%	78%
4+ direct reports	49%	51%
Teaching hospitals with business managers	65%	54%

directly from the manufacturer, the distributor, or through a group purchasing organization (GPO). Knowing these differences helps business managers to ask the right questions. For example, asking “Can the requested surgical supply be purchased through our GPO?” establishes the foundation for moving forward with negotiations and provides a starting point for setting the product’s price.

- Understand add-on fees on premium-priced surgical products from distribution centers.
- Build spreadsheets to analyze supply costs and present operational data. Rhodes provides monthly variance notes for the budget report that is shared with the chief operating officer.

What are the OR business manager's responsibilities? (n = 43)		
	2014	2009
Value analysis/product selection	67%	60%
Financial analysis/reporting	81%	92%
Purchasing OR supplies/equipment	60%	52%
Materials management	47%	57%
Billing/reimbursement	47%	71%
OR scheduling	30%	35%
Strategic planning	40%	42%
Surgical services information system	33%	44%
Quality improvement	7%	17%
Other	9%	6%

Future directions

According to Todd Nelson, MBA, director of healthcare finance policy and operational initiatives at the Healthcare Financial Management Association in Westchester, Illinois, key trends are as follows:

- The shift from volume-based payment (fee for service) to value-based payment (capitation or bundled payment).
- The continued effects of electronic health records on operations, ie, how they change the workflow and how they can be used to enhance patient outcomes and financial results.
- An emphasis on business intelligence; business managers must be able to understand, analyze, and report on data derived from many areas of the facility to ensure the success of both clinical and financial systems.

Holder expects business managers to be spending an increasing amount of time on contract negotiations with vendors and GPOs, as well as service line development. Rhodes agrees that GPO involvement will increase, and he anticipates that technology will continue to grow and improve.

“Working with the staff and having discussions with surgeons about the latest technology and equipment in the operating room is a key component to improving patient care,” Rhodes says. “Having the clinical background and experience in the operating room allows me to work as a team member and make intelligent choices when investing hospital funds for capital equipment,” he adds.

Another trend, Rhodes notes, is the development of increasingly sophisticated computer systems that will allow for more detailed analysis.

Success of the business manager position in the OR has sparked interest in adding this position to other areas of healthcare facilities.

“I’ve seen the role expand here and throughout the US,” Holder says. “It can be taken across multiple service lines. We now have [a business manager] for oncology, for care of women and children, and for cardiac services.”

Nelson says the business manager role is needed to integrate the cost and quality performance of an organization.

“The future for the business manager role is looking bright as a key to success from a cost and productivity perspective, as well as a financial and data management perspective,” he says. ❖

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