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Dissecting an Orthopedic Bundle

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SUMMIT
ORTHOPEDICS



PREVENTION



DIAGNOSIS



TREATMENT



REHAB



PREVENTION
OF RE-INJURY



roadmap to the summit

BASECAMP 1 » Aligning Physicians

TECHNICAL CLIMB 1 » Legal / Regulatory Path

BASECAMP 2 » Health Plans Journey

TECHNICAL CLIMB 2 » Using the Data

SUMMIT » Re-aligning Physicians



BASECAMP 1

Physician Alignment



initiating bundles

DEFINE THE TEAM

- » Consistent group: Met every other week at 6:30-7:30 a.m. for Total Joint program
- » Members included:
 - 4 arthroplasty surgeons
 - Anesthesiologist
 - Clinical Nurse Specialist
 - Nursing (Mgmt and quality)
 - Administration (CEO, CFO, COO)
 - Therapy
 - Purchasing (as needed)
 - Marketing (as needed)
- » Similar group established for Spine program



initiating bundles

- » Developed and approved all clinical guidelines and protocols
- » Curriculum development for Mandatory All Surgeon educational training
 - Use of Exparel
 - Explanation and use of various clinical environments (e.g. 23 hour, Care Suites, etc.)
 - DVT, SCD and other protocols
 - Patient selection criteria
- » Review and approval of capital purchases



TECHNICAL CLIMB 1

Legal / Regulatory Path



Clinic space | Surgery Center | Care Suites
Imaging | Therapy | Bracing







care suites vs. ASC structure

PHYSICAL & LEGAL SEPARATE ENTITIES

- » Outpatient surgery center (<24 hours)
- » Care Suites (multiple overnight capability)

SERVICES IN CARE SUITES

- » Official designation “Housing with Services”
- » Registered location, not “licensed”
- » Staff are Class A Professional Home Health staff, employed by Summit Orthopedics



care suites structure

- » Took 12 months to get approval
 - State Department of Health
 - Avoided Local/County involvement, by not having food preparation happen on-site
 - We were the first ones in the state to use this designation, but others are now following suit
- » Be persistent and constantly following up- they will not get it done unless you follow up with them on a repeated basis



inpatient vs. outpatient

INPATIENT HOSPITAL

- » In-house lab
- » On-site X-Ray/MRI
- » In-house anesthesia
- » In-house hospitalist
- » Nurse monitoring 24/7
- » Emergency equip. on-site
- » PT/OT 2/day or as ordered

23HR + CARE SUITES

- » Labs via courier
- » On-site X-Ray/MRI
- » On-call anesthesia
- » On-call Surgeon/PAC/NP
- » Nurse monitoring 24/7
- » Portable O₂, AED, emergency meds
- » PT/OT 2/day or as ordered



inpatient vs. outpatient

INPATIENT HOSPITAL

- » Discharge planning @ admission
- » Noisy environment
- » Safe & quality care
- » Risk of nosocomial infection

23HR + CARE SUITES

- » Discharge planning prior to surgery + ongoing
- » Quiet, family-friendly
- » Safe & quality care
- » Very low risk of nosocomial infection



inpatient vs. outpatient

INPATIENT HOSPITAL

- » Family deals w/visiting hours, parking fees, travel
- » Higher patient out-of-pocket
- » QA/QI tracked measures
- » Joint Commission compliance

23HR + CARE SUITES

- » Can stay w/patient for entire stay, no parking fees
- » Lower patient out-of-pocket
- » QA/QI tracked measures
- » Joint Commission compliance



BASECAMP 2

Health Plans Journey



Clinic office visit



X-Ray bill

Clinic office visit



Pre-op physical charge

X-Ray bill

Clinic office visit



Facility charge

Pre-op physical charge

X-Ray bill

Clinic office visit



Surgeon professional fee

Facility charge

Pre-op physical charge

X-Ray bill

Clinic office visit



Anesthesia bill

Surgeon professional fee

Facility charge

Pre-op physical charge

X-Ray bill

Clinic office visit



Physical therapy charge

Anesthesia bill

Surgeon professional fee

Facility charge

Pre-op physical charge

X-Ray bill

Clinic office visit



One statement.

No surprises.
All charges bundled.



bundled strategy

- » Target commercial insurance and workers compensation carriers first
 - Reimbursement potential is much greater
- » Transition to OUTPATIENT surgeries
 - Less risk, fewer complications and comorbidities
 - Wave of the future



current arrangements

BUNDLED ARRANGEMENTS

- » Bundle is “broken”, if there is a complication requiring transfer or hospitalization
- » Very narrow risk corridor in these bundles
- » Worker’s compensation and sophisticated payers want future bundles to include “guarantees” and inclusion of recalled items, transfers and hospitalizations



business case to payers

QUALITY

- » Statistics from Summit's other ASC locations, eg. Infection rates, transfer rates
- » Total joint registry will be initiated
- » Peer reviewed literature about safety and efficacy of TJA/Spine in outpatient setting
- » Delineated services provided in "Care Suites" versus typical "Inpatient" Hospital environment
- » Site visit with health plan's Medical Director to feel comfortable with concept



business case to payers

SERVICE

- » One-on-one educational “Total Joint Camps” with the NP, PT, and Nursing team
- » Highlighted patient satisfaction scores from other Summit ASC locations
- » On-site recovery in a healthcare setting (Others in our market use Hotels or off-site TCU’s)



business case to payers

COST

- » Priced the procedures based off actual patient EOB's, hospital pricing websites and Medicare costs report data
- » Guaranteed 20% cost savings, if our initial efforts didn't gain traction
- » Intangible costs were discussed, but not quantified (e.g. Re-admissions, Inf. Rate, etc.)
- » SPOILER ALERT- The health plans didn't know their own costs for TJA in the hospitals!



business case to payers

- » Use Blue Cross National Cost Data Report Released January 2014
 - “A Study of Cost Variations for Knee and Hip Replacement Surgeries in the U.S.”
- » Seattle: > \$18,000 variation in TKA; > \$17,000 variation in THA (3rd highest cost variation in U.S. was Seattle-Bellevue market)
 - Lowest- \$22,500; Highest: \$61,600



hypothetical example

- » Seattle: > \$18,000 variation in TKA;
 - > \$17,000 variation in THA (3rd highest cost variation in U.S. was Seattle-Bellevue market)
 - Lowest cost facility: \$22,500;
 - Highest cost facility: \$61,600



hypothetical commercial example

- » Minneapolis / St. Paul Market
 - TKA Average: \$31,166
- » “Hypothetical” Rate for Summit Orthopedics
 - TKA: \$21,000
- » “Hypothetical” Volumes anticipated
 - TKA: 60
- » Actual Savings = ~\$610,000



hypothetical commercial example

- » Minneapolis / St. Paul Market
 - Cervical Fusion: \$50,000
- » “Hypothetical” Rate for Summit Orthopedics
 - Cervical Fusion: \$27,000
- » “Hypothetical” Volumes anticipated
 - Cervical Fusion: 5
- » Actual Savings = \$115,000



counter-arguments from payers

PAYERS ARGUMENT

Our Medical Director
want to see clinical
selection criteria for
patients going to
“Care Suites”

ORTHO RESPONSE

One page document
highlighting clinical selection
criteria – be specific

- BMI <45
- Absolute exclusions (e.g.
Hx of dialysis)
- Panel of physicians to
oversee selection



selection criteria

- » BMI <42
- » American Society of Anesthesiologists classification 1 or 2
- » No patients with automatic implantable cardioverter defibrillator
- » No history of dialysis
- » No history of malignant hyperthermia
- » No patients with arteriosclerotic cardiovascular disease



counter-arguments from payers

PAYERS ARGUMENT

Our Medical Director
want to see the
physical space- both
the Surgery Center
and the Care Suites

ORTHO RESPONSE

- Physician champion needs to be present
- Nursing director needs to be present
- Don't hide anything at the site. Be transparent about the model.



counter-arguments from payers

PAYERS ARGUMENT

We don't have a system that can adjudicate claims properly- We can't do bundles

ORTHO RESPONSE

- We agreed upon appropriate pricing for equivalent services
- Still bill as FFS, but it probably comes out the same in the end
- In reality, the only risk a carrier takes is the number of PT visits



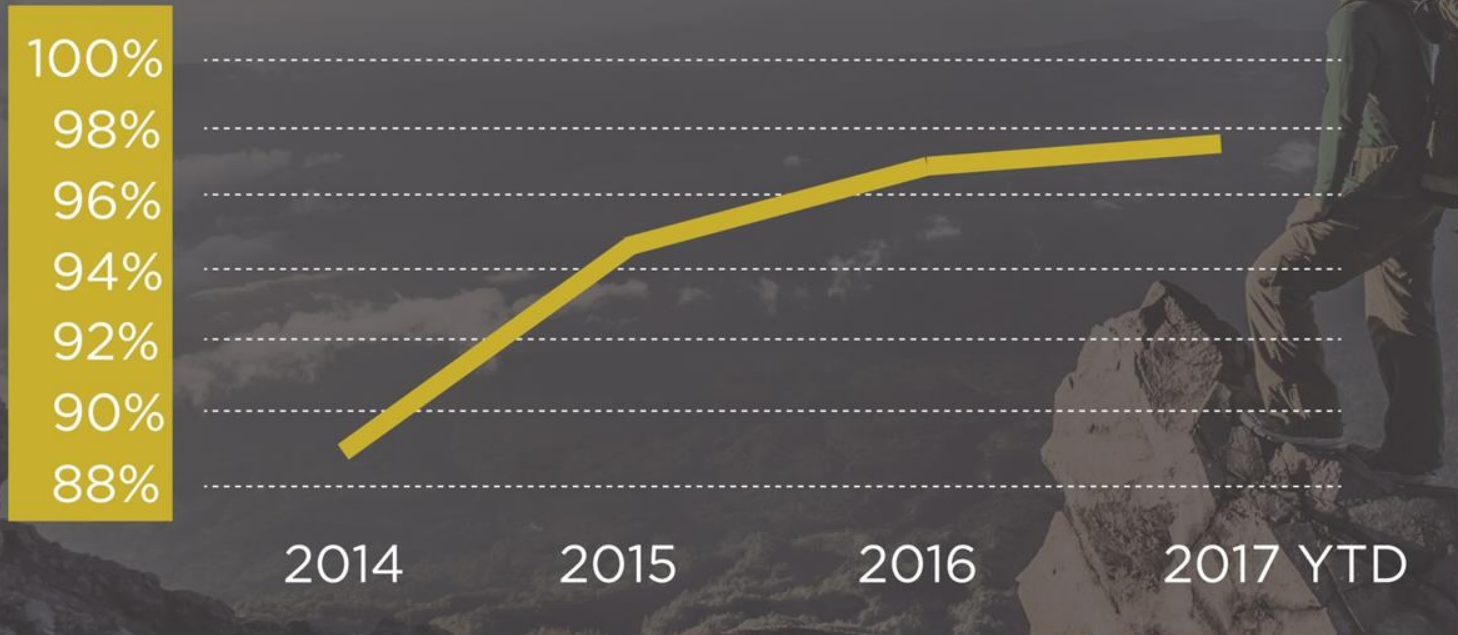
TECHNICAL CLIMB 2

Using the Data



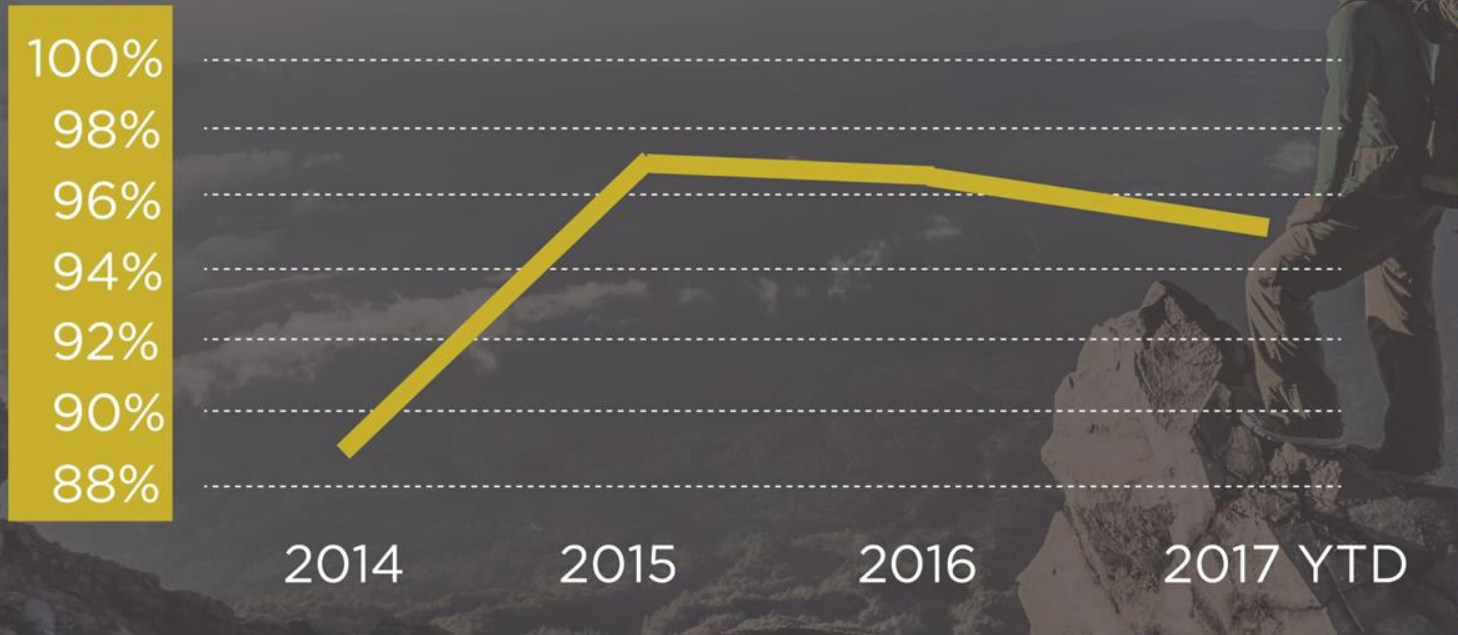


clinical pathway adherence - THA





clinical pathway adherence - TKA





secure tracks





time to 1st ambulation

THA

- » Avg. Hours Post-op = 3 hrs. 2 mins.
- » Avg. Distance = 85 feet

TKA

- » Avg. Hours Post-op = 3 hrs. 7 mins.
- » Avg. Distance = 75 feet



time to 2nd ambulation

THA

- » Avg. Hours Post-op = 5 hrs. 11mins.
- » Avg. Distance = 396 feet

TKA

- » Avg. Hours Post-op = 5 hrs. 23 mins.
- » Avg. Distance = 337 feet



new measures

- » Early Follow-up to OrthoQUICK (Urgent Care)
- » Same day cancellations



SUMMIT

Re-aligning Physicians



improvise, adapt, and overcome

Constant communication is necessary about the various “carve outs”, exceptions and intricacies of payer arrangements

- » One payer wanted lower BMI requirements
- » Some revisions are approved on a case by case basis, others are non-approved



improvise, adapt, and overcome

- » Contracted rates for implants can change between vendors- be transparent
- » Adapt the protocols, based upon early results:
 - Wound closure preferences
- » Bring in more medical specialties to help in the process:
 - Urology
 - Internal Medicine (especially for pre-ops)



question | answer