

California Orthopedic Association
May 20, 2016
Laguna Niguel, CA

Motivating Eagles to Fly in Formation

Orthopedic Bundled Payments in the ASC

- Tom Wilson
- Principal
- Global One Ventures

**GLOBAL ONE
VENTURES**

CONFIDENTIAL - Not to be shared without written permission from the authors

COA

Disclosure Statement



Tom Wilson:



Principal
Global One Ventures (G1)

Managing Partner
Monterey Peninsula Surgery Centers (MPSC)

Approaching Tsunami



- US healthcare costs are 18% of GDP
- Increasing and unsustainable
- Soon Federal Government will be a health insurer offering national defense on the side

Bundle Payment (BP)

- BP is a fixed payment for comprehensive set of services during a distinct episode of care for a specific condition. (TJR, Spine Fusion, Hysterectomy, Hernia Repair, Thyroidectomy)
- BP includes facility, surgeon, anesthesiology, first assistant (if appropriate), medical supplies and ancillary services



Bundled Payments

- BP are best payment methodology for controlling/managing elective surgical care
 - Align financial incentives for all providers treating patients
 - Encourages integrated, coordinated care
 - Foster high value care and adoption of best practices and continuous innovation as providers are at risk for complications and over spends



Bundled Payments

- BP Methodology solves the efficiency and cost problems inherent in current fee-for-service payment systems
- BP creates pricing transparency enabling patient to make an informed decision ... *“one stop shopping”*
- Redirection from expensive hospitals to a higher value ASC setting



Bundled Payments Programs



- PBGH: Centers of Excellence Network
 - THA, TKA and Spine
 - 4 hospitals in U.S.
- IHA (2 year pilot program)
 - THA, TKA and Knee Repairs
 - 10 hospitals, 4 ASCs
 - 19 cases in hospitals
 - 121 cases in ASCs
- CALPERS (reference price program)
 - THA and TKA
 - Narrow hospital network
 - \$30,000 cap

Bundled Payments Programs



- CMS: Bundled Payment for Care Improvement
 - 4 models of Bundled Payments
 - Hospital or Medical Group driven
- CMS: Comprehensive Care for Joint Replacement (CCJR)
 - THA and TKA
 - 67 geographical areas (mandatory)
- Tennessee Medicaid (pay for performance)
 - THA and TKA
 - Quarterbacked by orthopedic surgeon

ASCs Motivate Eagles (Physicians) to Fly in Formation

- Uniquely positioned to adopt BP because owned by physicians who determine 80% of cost of care (i.e., what, where, how, who, etc.)



ASCs Foster Eagles (Physicians) to Fly in Formation



- Owners are motivated to:
 - Standardize medical supplies and implants creating market share driving superior pricing
 - Adopt best practices
 - Avoid high cost ancillary providers and services
 - Seek most efficient setting for care



Advantages to the Patient

- *one price, one deductible and/or Co-Pay, one EOB ... “One Stop Service”*
- Lower cost
- Co-pays and deductibles are waived under some programs
- Price transparency creates better informed patients
- Significant decrease in chance of infections or other complications
- Enhanced “*Patient Centric*” surgical experiences with higher patient satisfaction

Advantages to Payers

- Lower costs
- Budget certainty
- Price transparency
- One EOB
- Great value

Advantages to Surgeon

- Higher reimbursement
- Professional *“Physician Centric”* experience
- Ability to quarterback episode of care and clinical outcomes
- Eliminates billing fees
- Reduces collection efforts

Blue Shield and Global One Ventures (G1) BP Initiative

- Blue Shield seeks to reduce expensive inpatient days. BP programs redirects TJR, Spine Surgery, Hysterectomy, etc. into more efficient ASC settings with as good or better outcomes.
- Contracts Global One (G1), value based payment ASC network
- BSC contracts with G1 for a bundle payment and G1 contracts with facility, surgeon, and anesthesiology
- Received approval from the DMHC
- Statewide over 20 case types with 46 ASCs and a goal of 60 statewide by end of 2016
- In 2014, 42 case types in Monterey, Santa Cruz and San Diego County with over 1,000 BP cases
- Generated savings of 30 – 40%



G1 BP Results in Monterey County

- BSC 2015 Monterey County 297 BP cases with average savings of \$14,000 per case or \$4,000,000⁽¹⁾
- MCSIG 2015 Monterey County 76 cases total savings \$1,092,120 or \$14,370 per case ⁽²⁾
- Types of BP cases in Monterey County BSC & MCSIG & UHC 2015
- 59% of BP are Orthopedic

Total Joint Replacements	27
Major Spine Surgery	41
Major Shoulder or Knee Reconstruction	72
Lap-assisted Hysterectomy	9
Laposcopic Cholecystectomy	7
Mastectomy/Breast Reconstruction	18
Thyroidectomy	4

⁽¹⁾ Source Blue Shield of California

⁽²⁾ Source Municipal Collegiate and School Insurance Group

Bundled Payment Procedure List



Orthopedic Surgery

Total Knee Arthroplasty
Total Hip Arthroplasty
Total Shoulder Arthroplasty
Total Ankle Arthroplasty
Partial Knee Arthroplasty
ACL/PCL Repair
Major Shoulder Reconstruction (e.g. rotator cuff repair)
Hip Arthroscopy
Major Knee Reconstruction/Repair
Ankle Arthroscopy/Repair
Fracture Care Wrist/Ankle
Endoscopic Carpel Tunnel Repair
Bunionectomy
Hammertoe

Spine Surgery

Anterior Cervical Discectomy Fusion
Lumbar Cervical Discectomy Fusion
Cervical Total Disc Replacement
Micro-disc Lumbar/Cervical
Laminectomy/Laminectomy
Permanent Neurostimulator
Trial Stimulator
Vertebroplasty
Kyphoplasty

Bundled Payment in the ASC

Thank you

