

Expanding Services in your ASC through the addition of a Recovery Care Center (RCC) or Medical Hospitality Suite (MHS)

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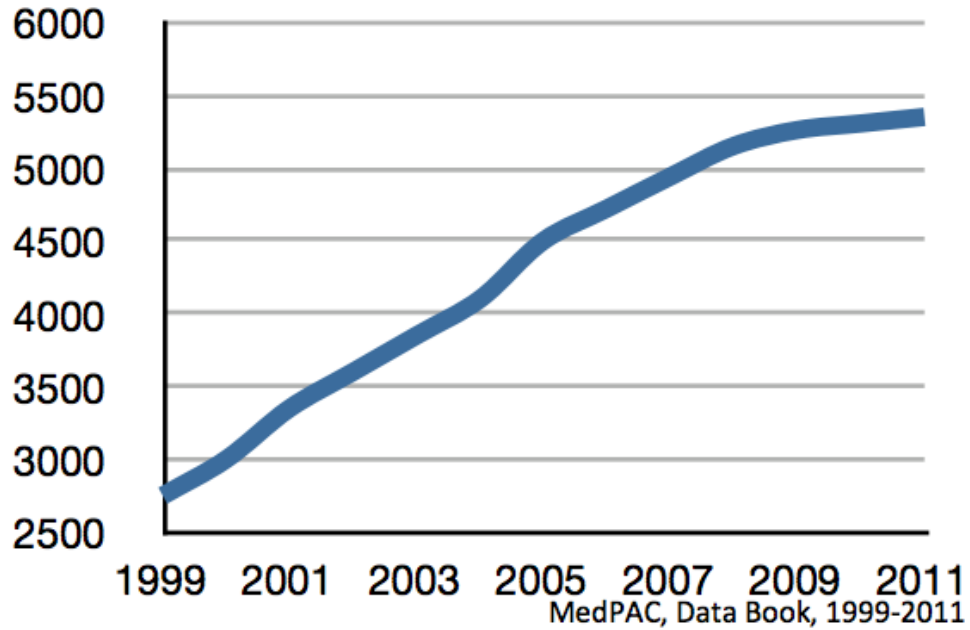
Arrowhead Orthopedics

Disclosures

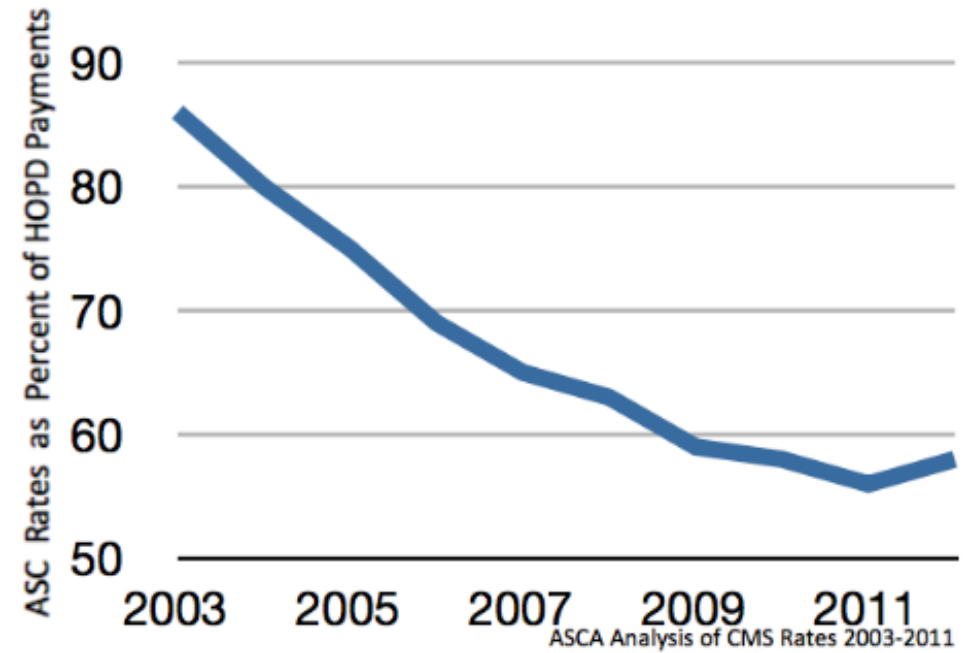
- Member of Advanced Ambulatory Surgery Center, LLC
- Medical Director, Spine and Joint Institute, Redlands Community Hospital



Number of Medicare Certified ASCs

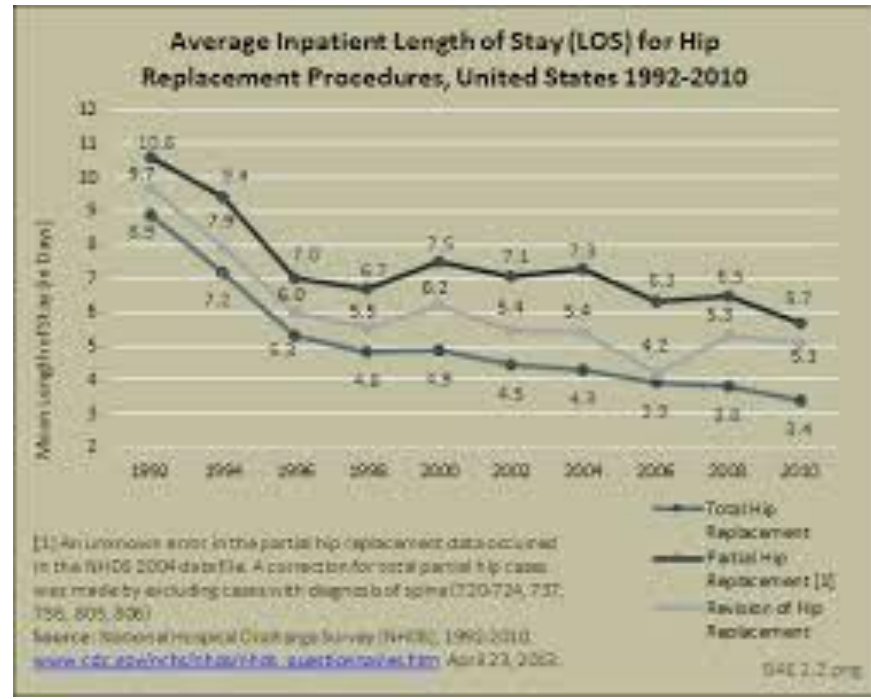
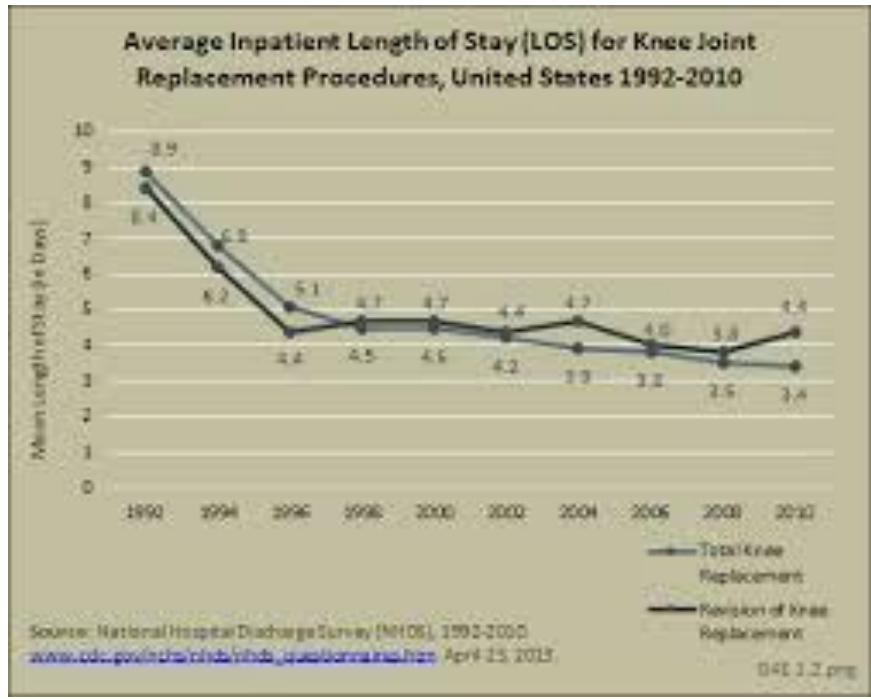


The Gap Between ASC and HOPD Payments Has Widened Significantly



Growth of ASC's

ASC vs. HOPD Rates

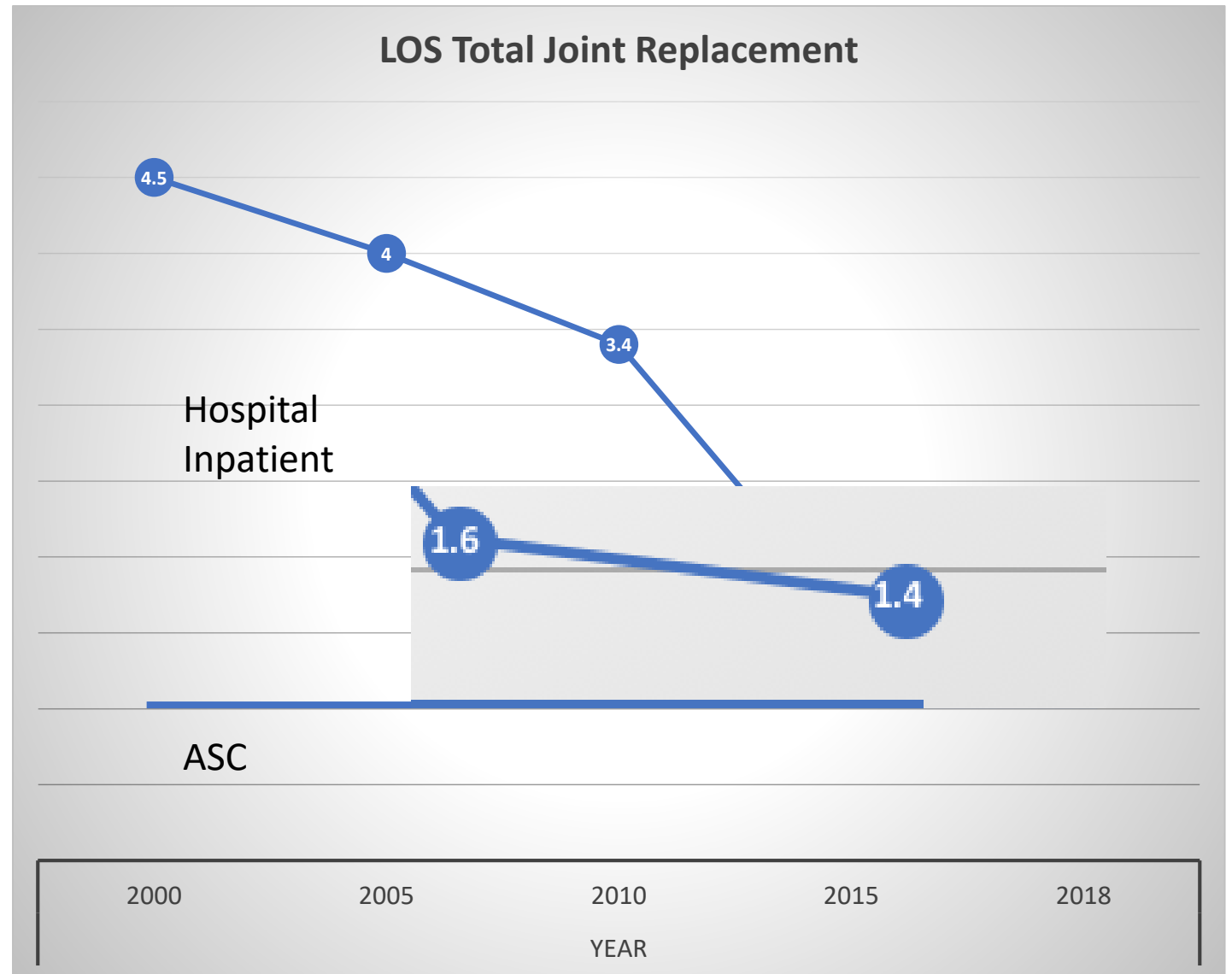


Inpatient Length of Stay

Through 2010

Inpatient Length of Stay

- Suggests that over half of patients are going home within 24 hours
- Less than 12 hours of post-operative monitoring and care defines inpatient vs outpatient
- Bridging this gap in a responsible manner is the basis of this session



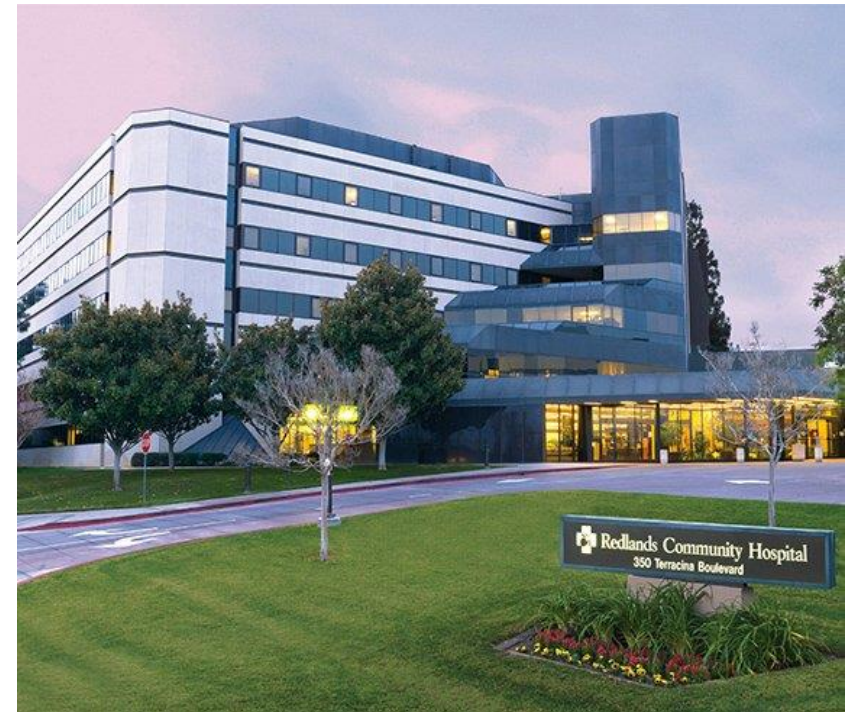
Length of Stay

- The CMS interpretive guideline 416.2 defines an ASC as *any distinct entity that operates exclusively for providing surgical services to patients not requiring hospitalization and in which the expected duration of services would not exceed 24 hours following an admission*



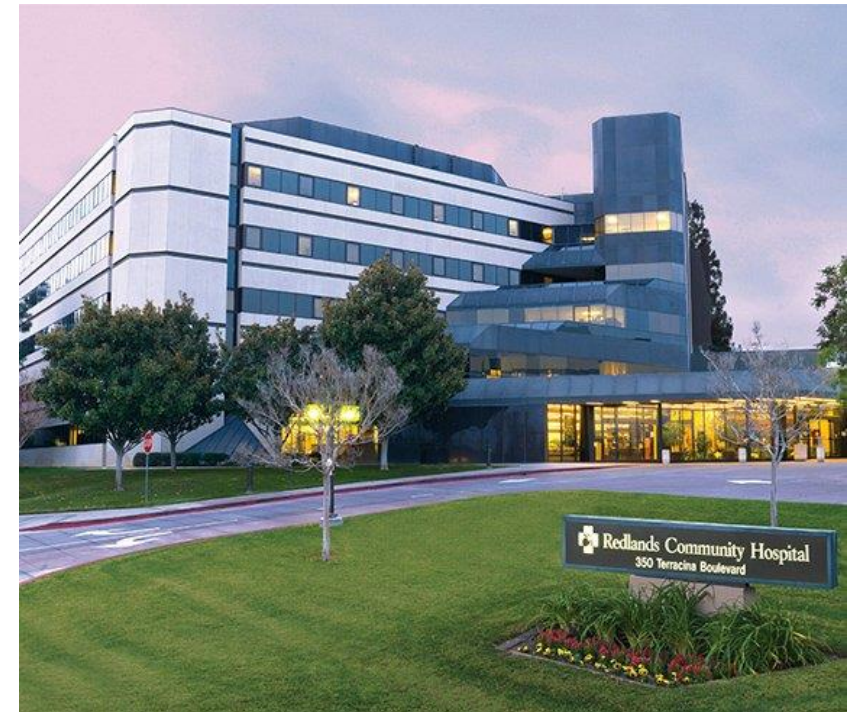
Spine and Joint institute Redlands Community Hospital

- 350 bed Community Hospital
- 2012 Initiated Physician Management through a Co-Management Agreement
- Drive Improvements in:
 - Costs
 - LOS
 - Patient Satisfaction
 - Efficiency



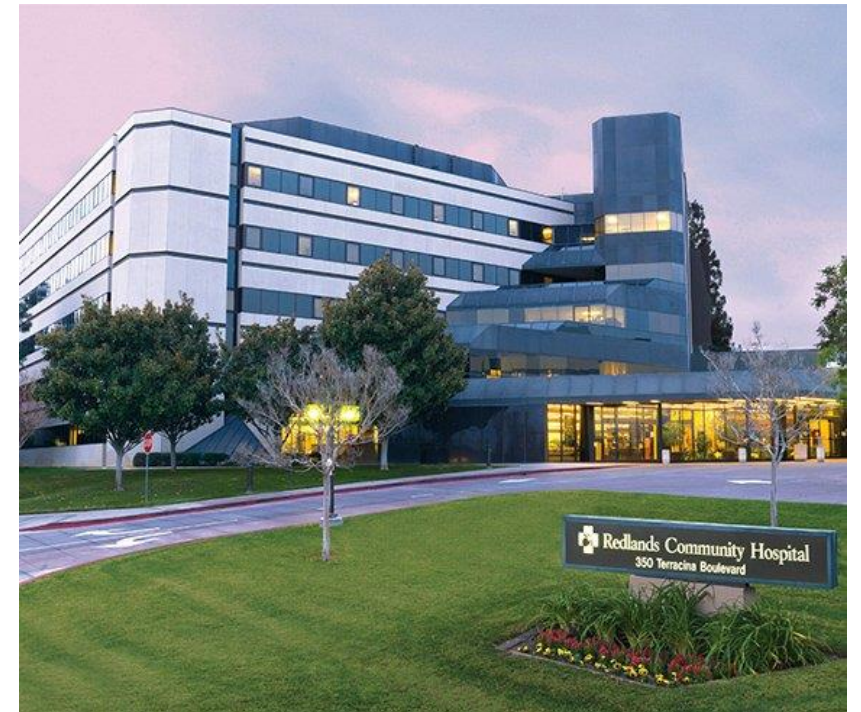
Spine and Joint institute Redlands Community Hospital

- 2012 Pre-CMA
- 850 Major Joint and Spine Procedures
- Discharge to SNF/TCU 48%
- Average LOS Spine and Joint 3.4 days
- Patient Satisfaction 52nd Percentile
- HOPD Total Joints: 0
- ASC:
 - 1 and 2 level ACDF
 - 1 level Laminectomies



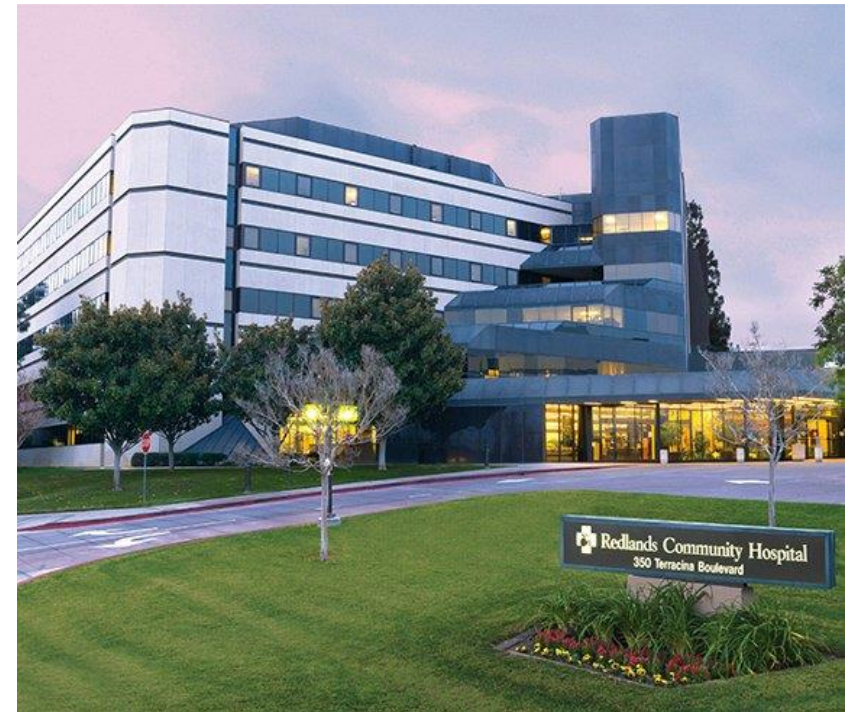
Spine and Joint institute Redlands Community Hospital

- 2012 Immediate Post-CMA
- 850 Major Joint and Spine Procedures
- Discharge to SNF/TCU 4%
- Average LOS Spine and Joint: 1.7
- Patient Satisfaction 96th Percentile
- HOPD Total Joints: 0
- ASC:
 - 1 and 2 level ACDF
 - 1 level Laminectomies



Spine and Joint institute Redlands Community Hospital

- 2018
- 1750 Major Joint and Spine Procedures
- Discharge to SNF/TCU 4%
- Average LOS Spine and Joint: 1.4
- Patient Satisfaction 96th Percentile
- HOPD Total Joints: 15%
- ASC:
 - 1 and 2 level ACDF
 - 1 level Laminectomies
 - Total knees and Hips



Arrowhead Orthopedics (Main Campus)

- Currently Inpatient
- 520 TKR
- 260 THR

1190	540
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- 410 Spines
- Current Outpatient (ASC)

650

- 3000 Sports and hand procedures
- 61 Knees

199

849

- 36 hips
- 102 ACDF/Laminectomies



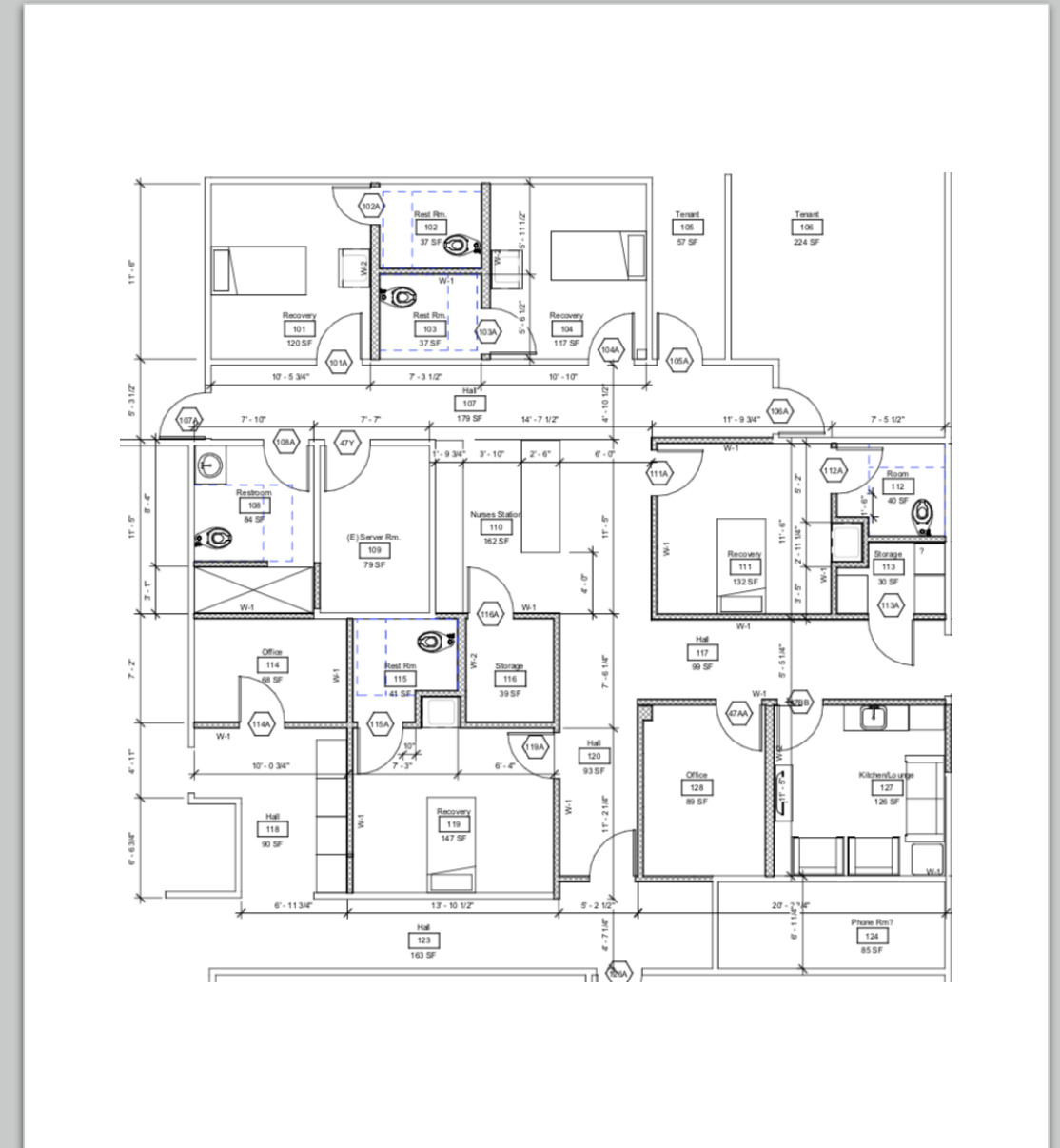
Arrowhead Orthopedics (Main Campus)

Phase 1

- 4 Room Medical Hospitality Suite
- Immediately Adjacent to ASC
- Fully Equipped, Separately Owned
- 2-300 new spine and joint cases

Phase 2

- New 6 room ASC
- 20+ Bed MSC or RCC
- 3400 existing and 650 new cases



Options for extending ASC Services beyond 23:59

- Recovery Care Center (RCC)
- Medical Hospitality Suite (MHS)
- Pain Management and Recovery Care Center ASC (PM/RCC/ASC)



Recovery Care Center

- At this time, there is no licensing provision for this model in the state of California
- States offering RCC
 - Arizona Stay not restricted
 - Connecticut 21 days
 - Oregon 48 hours
 - Colorado Stay not restricted
 - Illinois 72 Hours
- Offers clear safety standards
- Defined reimbursement schedules
- Accreditation: Available through AAAHC, IMQ, Joint Commission
- Could become an initiative of the COA

Medical Hospitality Suite

- Available in California
- Long history in Plastic Surgery ASC's
- Increasing popularity for Orthopedic Surgery ASC's
- Lacks clear standards or licensing
- Lacks established reimbursement schedules
- Accreditation under RCC Standards: Available through AAAHC, Joint Commission
- Length of Stay is generally unrestricted
- Recommended that these are designed consistent with established RCC standards and Accreditation is established

Medical Hospitality Suite

Standards

- Licensed nursing staff (HHA)
- Generator back-up power;
- Basic diagnostic and resuscitative equipment;
- Oxygen and suctioning at bedside;
- Disaster preparedness plan;
- Fire control plan;
- QA and performance improvement plan;
- A complete, comprehensive patient medical record system;
- Appropriate pharmaceutical services;
- A sanitary environment; and,
- An infection control program.

Pain Management and Recovery Care Center ASC

- Licensed as an ASC under State Health and Safety Codes
- No sterile procedures?
- Alternatively, could perform Pain Management Procedures plus post-operative recovery care.
- Licensing standards and accreditations
- Ineligible for Medicare reimbursement except for recognized pain management procedures
- Length of stay restricted to an additional 23:59

Ownership and Compensation

- MHS or PM/RCC/ASC must be a separate company
- No reimbursement schedule exists for a MHS
- Not precluded from negotiating with payers
- With mirrored ownership, the margin from a well negotiated case rates can cover the MHS or PM/RCC/ASC costs



Conclusions

- Healthy patients undergoing total joint and spine procedures can safely migrate to the outpatient setting if an additional 0-24 hours of monitored care is available
- Savings can be as much as \$25,000
- RCC licensure does not currently exist in California leaving MHS's and PM/RCC/ASC's as options currently available
- Patients entering the MHS or PM/RCC/ASC must have been dischargeable to home
- Strongly recommended to design MHS with all safety standards required for licensed RCC's



Thank you