## Disclosure

- Consultant, ZimmerBiomet
- Consultant, Johnson & Johnson
- Consultant, Zuko Co

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## What's a Bundle/Episodic Payment

- an insurer sets a single price for all providers (physicians, hospital, and post-acute providers) involved in doing a procedure or delivering an episode of care."
- Payer issues a lump sum to cover all of the patient's treatment for that episode. (ACL/TKA)
  - In most cases, the payer factors severity and complexity into its calculation of the lump sum.
  - Forces us to thinks about each element

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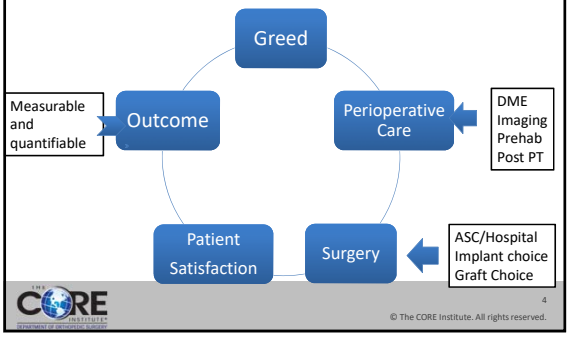
## Intersection of Medicine





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## Factors associated with ACL

- Hospital vs ASC
- Autograft vs Allograft
- Double bundle vs Single Bundle
- Computer Navigation vs Non


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## Impact of ambulatory ACL surgery

- In this manner, a broader spectrum of procedures may become eligible for the safe and effective option of ambulatory surgery, avoiding the historical requirements and costs of overnight hospitalization and monitoring


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## Economic Analysis in ACL Reconstruction

Qualitative and systematic Review

- Single vs Double bundle
- Computer Navigation vs Non
- Auto vs Allo
- Hospital vs ASC

Saltzman, Cvetanovich, Nwachukwu AJSM 4/30/15

Societal and economic impact of ACL tears. JBJS 2013 oct 2;95:1751-9


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- Clinical and Cost Implications of Inpatient vs outpatient orthopedic surgeries: A systematic review of the published literature
  - Crawford, Silvia Sprague Bhandan Orthop Rev 2015 Dec 28; 7(4): 6177


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## Crawford, Silvia Sprague Bhandan . Clinical and Cost Implications of Inpatient vs outpatient orthopedic surgeries: A systematic review of the published literature Orthop Rev 2015 Dec 28; 7(4): 6177

- Cost studies show average savings of 17.6%-57.6% for outpatient vs hospital ACLs
- Most studies have stopped publishing by 2014 as shift is to Arthroplasty evaluations
- Overarching findings show improved patient satisfaction and reduced cost.
  - Without reduction in quality and outcome.


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## Surgical Timing

- Early vs Delayed
  - RCT did not demonstrate superiority of either strategy with regard to KOOS scores
    - there were increased rates of subsequent meniscal injuries in the delayed group.
- Separate, independent decision analysis of this trial concluded increased risk for subsequent meniscal injury
  - surgery may make early ACL reconstruction preferable.

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## Economic impact of prevention

- Universal screening for at-risk athletes may not be cost-effective
- Universal screening for at-risk athletes may not be cost-effective, resulting in a cost savings of approximately $100 per athlete per season
- Added meniscal injury at delayed surgery may have long term economic impact or added surgical cost of implant and OR time

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## 2015 Covidien published rate

| CPT | Surgical code | Surgeon fee | HOPD | | | ASC |
|---|---|---|---|---|---|---|
| 29888 | Arthroscopically aided anterior cruciate ligament repair | $1,015.79 | 0052 | Level IV Musculoskeletal Procedures | $6,322.79 | $3,464.61 |

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## Rush Published 2016 Bundle

- Anterior cruciate ligament (ACL) repair: $10,800
- The fixed bundled pricing plans include:
- Surgeon fees – including initial consultation visit Facility fees
- Anesthesia fees
- Supplies and implants (if applicable) Uncomplicated follow-up care


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## Physical Therapy cost

- Highly dependent on plan
- 15-50 visits
- Average reimbursement $70-105
- Range ($1500-5250)


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## Bundles for the PTs- PROs

- Patients pay lower out-of-pocket costs.
  - patient's entire outpatient therapy treatment may fall under a single copay.
- Payers more effectively manage payments and costs as the lump sum allows for better cost predictability.
  - **Shift the payment focus away from volume—and toward outcomes.**
    - This gives them better marketing power.
- Providers →more affordable prices→decrease administrative costs
  - claim submission and follow-up.
  - PTspecifically, assert greater authority as patient care managers.


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## Bundles for PT-CONs

- Bundled payment contracts may encourage under provision of services or early discharge—which, in turn, could put patient outcomes at risk.
- No neutral gatekeeper
  - difficult to fairly distribute payment among all providers involved in an episode
  - degree of each provider's contribution varies each case
- Providers who deviate from the predetermined plan of care could suffer negative financial consequences—even if the deviation was in the patient's best interest.

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## Universal elements

- High-quality, trustworthy physicians, PTs, CPOs and insurance company collaborators
- An emphasis on outcomes tracking as a means for driving program improvement
- Patient-focused language and objectives

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## It's Coming

- >50% — >50% hospitals have tried bundled payments want to increase the number of procedures, care settings and partners
- 40. — 40%of hospitals reporting savings achieved savings of >5%
- >80% — >80 percent of hospitals with bundled experience improved patient engagement, increased alignment with physicians and reduced administrative costs.
- 60% — 60% of payers with bundles plan to expand efforts and 57% of physicians say they will adopt bundles if their payers adopt them as well.
- >80% — >80% of hospitals with bundle experience improve patient engagement, increased alignment with physicians and further reduced administrative costs

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## Exciting

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## THANK YOU

## KEEP LIFE IN MOTION!

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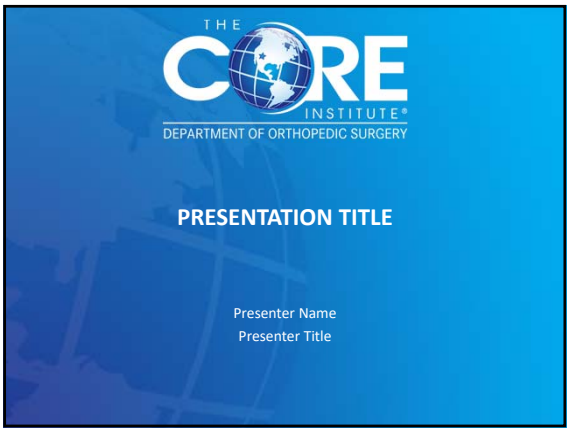
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