The Future of Orthopedics: Managing the Transition to Outpatient Joint Replacement

Kristi Crowe
Principal, Sg2

Amanda Olderog, Director, Surgery and Orthopedics Service Line, UnityPoint Health—Trinity
Objectives

- Understand the dynamics of outpatient joint replacement
- Customize key trends to your market
- Develop a forward-thinking strategy
- Prepare for successful transitions for joint replacement
Why Focus on Joint Replacement?

Nationally, 38% of adults are obese.

2X
The 65+ population will almost double its 2012 volume by 2050.

73%
Sg2 predicts growth in joint replacement in the next decade.

$8,400
Elective hip and knee replacements average contribution margin per case

48%
Elective hip and knee replacement represents 48% of an orthopedic program’s contribution margin.

Why Worry About Joint Replacement?

+110% Increase in OP TJR over last 3 years

OP TJR
2013 = 22% in ASC
2016 = 42% in ASC

+23% Population
–3% Sg2

July 2017
Medicare proposes removing TKR from the IPO list…

And proposes payment for hip and knee replacement in ASC.

ASC = ambulatory surgery center; IPO = inpatient-only; TJR = total joint replacement; TKR = total knee replacement. Sources: CMS.gov; Sg2 Ambulatory Market Strategist; Health Intelligence Company, LLC; Healthcare Data Solutions; Impact of Change®, 2017; OptumInsight, 2015; The following CMS Limited Data Sets (LDS): Carrier, Denominator, Home Health Agency, Hospice, Outpatient, Skilled Nursing Facility; Claritas Pop-Facts®, 2017; Sg2 Analysis, 2017.
We’ve Reached a Tipping Point…
…But Adoption Varies Substantially by Region…and Market

Sources: Sg2 Ambulatory Market Strategist; Health Intelligence Company, LLC; Sg2 Analysis, 2016.
Drivers of Variability:
Make Them Work for You

Market:
History and Future

Payer and Regulatory Environment

Partnerships and Alignment

Clinical Considerations
How Much Growth Will You Experience in Your Market? Where?

Market: History and Future

- Payer precedent for OP carve-outs
- Surgeon activity
- Historical shifts
- Future growth
How Are Patients Accessing Joint Replacement Services?

**PCP Driven**
- A dominant orthopedic surgery provider
- A *concentrated* PCP market to feed the surgery provider
- Market to the PCPs

**Consumer Driven**
- A dominant orthopedic surgery provider
- A *fragmented* PCP market to feed the surgery provider
- Market to the consumers

PCP = primary care provider.
How Will This Change Over Time?

Joint Replacement Forecast
Inpatient and Outpatient, 5-Year Absolute Growth

What’s Happening in My Market Today?

The Great Mississippi River Divide

**Iowa** = More than ready for outpatient joint replacement
- 85% one-day LOS (Medicare)
- Small (Trinity-“friendly”) ortho group competing with large competitor-aligned practice
- Joint venture ASC with 10 years of experience with outpatient joint replacement surgery
- ASC leadership very active with Ambulatory Surgery Center Association, very progressive
- Recently broke ground for $8M expansion to add 6 more overnight bays
- Joint recruitment efforts for fellowship-trained joint replacement surgeon successful

**Illinois** = Desire for outpatient joint replacement
- 10% one-day LOS (Medicare)
- One large ortho practice, with little to no competition in market
- Ortho practice involved with BPCI
- Small ortho ASC joint venture, no overnight beds, landlocked

BPCI = Bundled Payments for Care Improvement.
What’s Happening in My Market Today?

Keeping Care in the System
- UnityPoint Clinic referral data showed huge opportunity in Iowa market
- Implemented “referral specialist” model in 2016 for all referrals
- Implemented tiered preferred provider levels with data tracking
- Physician-specific trending reports for key specialties

Secondary Referrals
- 90% of ortho referrals are nonsurgical
- Physical therapy
- Emergency room/urgent care
- Pain management

Consumer Marketing
Understand Your Regulatory Dynamics

Payer and Regulatory Environment

- CON laws
  - New ASCs
  - Overnight stays
- Bundled payment contracts in place
- Consumerism/HDHP
- Payer market share/dynamics

CON = Certificate of Need; HDHP = high deductible health plan.
Kroger designates 19 hospitals for total joint replacement.

Walmart partners with hospitals for spine surgery.

General Electric pursues direct contracting strategy.

National Orthopaedic & Spine Alliance

California Public Employees’ Retirement System (CalPERS) reference pricing

United Airlines partners with Rush for total joint replacement (TJR) bundles

Boeing and Cleveland Clinic

Anthem Blue Cross and Blue Shield (BCBS) of Missouri (MO) and SSM Health Care

Florida Ortho Institute and Florida Blue

Boeing and Cleveland Clinic

Duke and BCBS of North Carolina (NC)

General Electric pursues direct contracting strategy.

National Orthopaedic & Spine Alliance

CJRI and ConnectiCare

United Healthcare expands bundled payment program.

OptumCare (UnitedHealthcare) expected to acquire Surgical Care Affiliates.

CMS proposes and finalizes Comprehensive Care for Joint Replacement (CJR) rule.

Bundled Payments for Care Improvement (BPCI) anticipated.

CMS proposes removing total knee replacement (TKR) from Innovation Payment Observation (IPO) list.

CMS revises CJR model.

ACE = Acute Care Episode; AMI = acute myocardial infarction; BCBS = Blue Cross and Blue Shield; CalPERS = California Public Employees’ Retirement System; CJR = Comprehensive Care for Joint Replacement; CJRI = Connecticut Joint Replacement Institute; SHFFT = Surgical Hip and Femur Fracture Treatment.
Understand Risk and Reward

- ASC migration vs Medicare drop in payment
  - 1-day LOS: at risk for ASC migration if surgeon has ASC ownership (85% of Medicare volume in IA, 10% in IL)
  - ALL Medicare at risk for drop in payment—must now meet inpatient criteria
- What % of your DRG 470 knee replacement patients are Medicare?
- Are the surgeons likely to take the patients to the ASC setting?

Iowa Impact (Very Likely):
- Migration impact = $12,750 (Avg. Medicare DRG 470 reimbursement) * Medicare case volume with LOS = 1 day
- Hospital outpatient impact = ($3,000) (estimated decline in Medicare reimbursement) * Medicare case volume with LOS > 1 day
- Surgery Center Joint Venture ADD BACK = % ownership * surgery center net revenue/case * migration volume

Estimated Net Revenue Impact (Example)
Migration: 500 cases, 70% knee replacement, 60% Medicare, 80% 1-day LOS = ($2,142,000)
Hospital Outpatient: (same as above, except 20% > 1-day LOS) = ($126,000)
Surgery Center add back: 40% * $9,000? * Migration volume = $604,800

And this is why we focus on reducing cost! Net Revenue impact will be different than Contribution Margin Impact.
Consider Partnership Strategies

Partnerships and Alignment

- Surgeon splitters
- Ambulatory Surgery Center ownership
- Alignment via formal agreements
- Employment
Physician Alignment Must Be a Focus

PRIORITY LIST

- **Physician relationships**
  - 63.4%
  - 17.2%
  - 7.5%
  - 11.8%

Legend:
- Blue: Discussed and surgeons want to do more
- Light Blue: Discussed and surgeons not interested
- Green: Haven't discussed but already doing them
- Brown: Haven't discussed and not sure

Sources: Sg2 2016 Outpatient Total Joint Replacement Survey (n = 97 hospitals).
Creative Alignments Act as Market Disrupters

Do you own an ASC?

- Yes: 61%
- No: 39%

Percentage ownership

- We own 100%: 44%
- We co-own with surgeons: 21%
- We co-own with our surgeons and a third party: 34%

Sources: Sg2 2016 Outpatient Total Joint Replacement Survey (n = 97 hospitals).
Historical Alignment

- Comanagement
- ASC Joint Venture
- ACO
- Joint marketing and cobranding
- Joint patient educational materials development
- Team education
- UnityPoint Health Orthopedic Collaborative

ACO = accountable care organization.
Importance of a Physician Champion
We Can’t Forget About the Patient

Clinical Considerations

- Current length of stay
- ASA level/comorbidities
- Current discharge disposition
- Streamlined protocols

ASA = American Society of Anesthesiologists.
Patient Segmentation

Possible Exclusion Criteria

- Age
- COPD
- CHF
- Coronary artery disease
- Chronic kidney disease
- Cirrhosis

Insurance Review

Identify probable candidate for 24 to 48 hours

Inpatient

Outpatient

COPD = chronic obstructive pulmonary disease; CHF = congestive heart failure.
Whew…You’ve Done It…
Now What?
Staff Awareness

Rapid Recovery Joint Replacement: Patient education guide for team members

What is Rapid Recovery Joint Replacement?
The Rapid Recovery Joint Replacement Program at UnityPoint Health is designed to expedite treatment, recovery and restoration of function following hip or knee replacement. Patients may be discharged to home as early as 24-36 hours following surgery. Faster recovery means less pain for the patient.

Who is a candidate for rapid recovery?
All patients are candidates. The surgeon tailors the program to meet the specific needs of each patient. Because of this unique approach to joint replacement, patients are typically able to go home sooner.

What are the benefits?
- The patient will recuperate from

Helpful scripting Ideas:

Expected time in the hospital:
Our goal is to get you up and moving after surgery to get you home quicker. As doctor told you in the office, your expected discharge date will be post op day 1 or 2. (give day of the week-explaining the day after surgery is post op day 1) We know people heal better at home.

Importance of having a coach
Having a personal coach is the fastest way to success in the rapid recovery program. Having a coach means reaching goals faster, with less stress, with motivation and support, and with increased safety.

Pain Control
The surgeons feel you will do better with oral medication after surgery, which in turn will help get you
# Increasing Consumer Awareness

## EDUCATION
- Preparing your home
- What to expect
- Preoperative process
- Pain management
- Activity

## INCREASING CONSUMER AWARENESS

## MARKETING
- Program differentiators
- Physician meet and greet
- Nonoperative options
The Rapid Recovery Joint Replacement program at UnityPoint Health is designed to improve patient outcomes, reduce hospital stay, and enhance the overall patient experience. The program has been shown to achieve outstanding outcomes for our patients far better than the national average through a collaborative approach to rapid recovery joint replacement.

It’s important to note that up to 80% of joint replacements are appropriate for our rapid recovery program.

The Rapid Recovery Joint Replacement Program’s Key Component is to pathway components which possible outcome for the patient through education and standardized, research-based protocols and pathways, also supported by continuous review of patient outcomes to identify improvement opportunities.

### Rapid Recovery Joint Replacement Pathway Components

<table>
<thead>
<tr>
<th>Pre-operative Process</th>
<th>Triple Aim Targeted Outcomes</th>
</tr>
</thead>
<tbody>
<tr>
<td>Completion of comprehensive preoperative patient evaluation by medical physician</td>
<td>X X</td>
</tr>
<tr>
<td>Patient must identify a ‘coach’.</td>
<td>X X X</td>
</tr>
<tr>
<td>Both patient and coach attend educational seminar</td>
<td>X X</td>
</tr>
<tr>
<td>Consistent management of patient expectations:</td>
<td>X X</td>
</tr>
<tr>
<td>Coach at patient’s home a minimum of 3 days following discharge</td>
<td>X X X</td>
</tr>
<tr>
<td>Discharge planning begins prior to admission, with the goal of being discharged to home as early as 24-36 hours following surgery</td>
<td>X X X</td>
</tr>
<tr>
<td>Team consists of interdisciplinary team of surgeons, anesthesiologists, pharmacists, nursing, therapy and discharge planning staff members</td>
<td>X X X</td>
</tr>
<tr>
<td>Bowel protocol initiated prior to surgery</td>
<td>X X X</td>
</tr>
<tr>
<td>HgA1c testing initiated by surgeon 4-6 weeks prior with management by endocrinologist or PCP if greater than 7.5%</td>
<td>X X X</td>
</tr>
<tr>
<td>Therapist-directed rehabilitation begins on day of surgery</td>
<td>X X X</td>
</tr>
<tr>
<td>Avoidance of the use of morphine spinalis</td>
<td>X X</td>
</tr>
<tr>
<td>Patient required to meet goals independently prior to discharge</td>
<td>X X X</td>
</tr>
<tr>
<td>Avoidance of Foley catheter</td>
<td>X X X</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Peri-operative Pain Management</th>
<th>Triple Aim Targeted Outcomes</th>
</tr>
</thead>
<tbody>
<tr>
<td>Pre-emptive pain cocktail initiated prior to surgery</td>
<td>X X</td>
</tr>
<tr>
<td>Injection of intra-articular local anesthetic in wound closure protocol</td>
<td>X X</td>
</tr>
<tr>
<td>Tranexamic acid given in the pre-op, intra-op or PACU phase of care to reduce blood loss during surgery/wound closure and decrease post-operative pain and swelling</td>
<td>X X</td>
</tr>
<tr>
<td>Spinal anesthesia (with or without fentanyl)</td>
<td>X X</td>
</tr>
</tbody>
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### SHSMD Connections 2017

[Logo]
Search Optimization

Google search results for "knee replacement quad Cities" show results from UnityPoint - Trinity in Quad Cities, offering orthopedic surgery services including total knee replacement, total hip replacement, and arthroscopic hip surgery. They also provide information on partial and total knee replacement surgery in the Quad Cities area.

Advanced Joint Replacement Program in the Quad Cities details the program's commitment to patient care and the latest surgical techniques. UnityPoint - Trinity offers minimally invasive surgery for total knee replacement, ensuring a smaller incision and quicker recovery.

SHSMD Connections 2017 logo
Print Advertisements

Rapid recovery for joint pain
Billboards

Rapid recovery for joint pain

unitypoint.org/rapidjointrecovery

UnityPoint Health Trinity
Cobranded Patient-Directed Mailings

- Used CRM tool to develop targeted direct mail list.
  - Patients and community members who are at risk (or good candidates) for joint replacement
  - HIPAA compliant

- Over 20,000 mailers with 3 versions
  - Hip
  - Knee
  - Shoulder
Results

Four of UPH’s 9 regions have trialed outpatient joint replacement surgery.

20 percent reduction in knee and hip replacement length of stay

All quality measures maintained or improved.

Region partnered with other system hospitals in LOS initiative resulting in three-year UPH system savings >$5 million
In 2016, 47% of Trinity’s eligible commercial patients for new outpatient joint replacement surgeons were performed in the hospital setting.

Surgeons more comfortable with the ASC setting performed over 250 outpatient joint replacements at Mississippi Valley Surgery Center, Trinity’s ASC joint venture.
Applying the Concepts

Segment your current patient population to understand risk/ opportunity.

Balance the needs of your physicians and partners.

Integrate care across the continuum to enhance brand loyalty.

Embrace emerging payment models.

Adapt your organizational structure to support ambulatory initiatives.
Questions?

Kristi Crowe
kcrowe@sg2.com

Amanda Olderog
Amanda.Olderog@unitypoint.org

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