# Managing Surgical Services Lines Under Accountable Care and Value-Based Purchasing


Becker's Healthcare
Jeffry Peters – February 28, 2013

# Learning Objective

- How ACA/VBP changes how we measure surgical services success
- Process to successfully position surgical services for the new paradigm
- Information you need to provide surgeons monthly for the organization to be successful
- Governance Model to transform surgical services
- Importance of PAT

# Quality-Based Payment Models


SURGICAL DIRECTIONS

# Reimbursement

| Before | After |
| --- | --- |
| Value-Based Purchasing | Value-Based Purchasing |
| ACO | ACO |
| Volume Based | Volume Based |
| | Outcome Based |

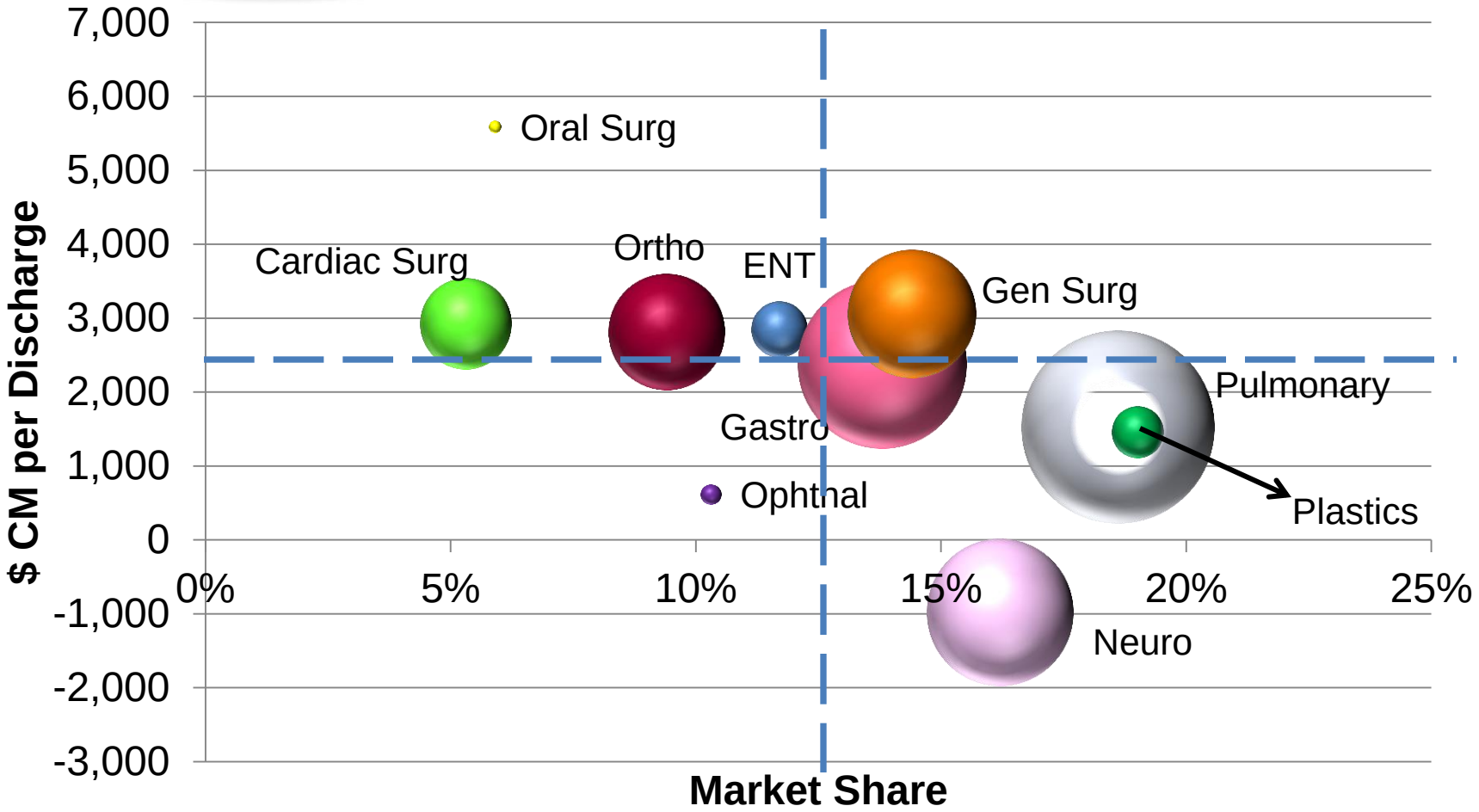
# Successful Systems are Following a Five Step Process

Successful systems are following a five step process to ensure surgical services are profitable market leaders

- Define surgical lines to focus on growth
- Define how to obtain a sustainable competitive advantage
  - Delivery system
  - Outcome
  - Cost
  - Service
- Provide transparent robust information to surgeons
- Define which surgeons are keepers and how to address outliers
- Improve Perioperative Performance

SURGICAL DIRECTIONS

# Market Share




*- Bubble size represents "Hospital" total discharges*

*- Dashed lines represent the median contribution margin and market share of all surgical product lines*

SURGICAL DIRECTIONS

# Competitive Advantage

- Obtaining a sustainable competitive advantage requires attention to outcomes, costs, services, and delivery system
- Outcome
  - Cancer — Survival complications
  - Heart — Survival 5, 10 years, function, complication
  - Orthopedics — Pain free functionality
- Cost
- Service
  - Patient — HCAHPS
  - Surgeon — OR Efficiency
- Delivery System

SURGICAL DIRECTIONS

# Outcomes

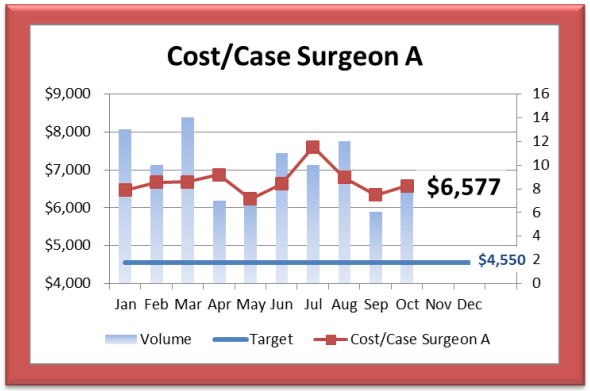
- Short  Term (Process)
  - 30 day readmission
  - Surgical site infections
  - Postoperative – PE / DVT
  - Central line infections
- Long Term (Outcome)
  - National Surgical Quality Improvement Program
  - Measures Risk Adjusted Outcome
  - Defines processes which impact outcomes

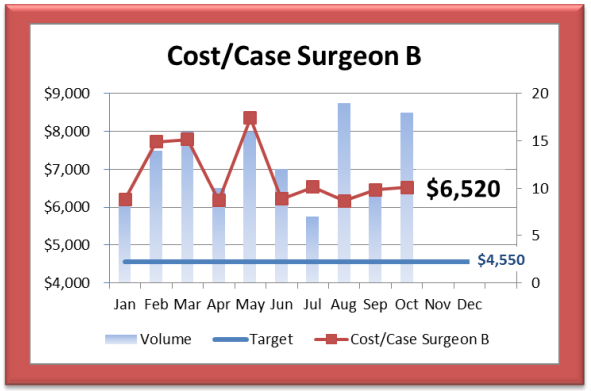
- Costs are impacted by case time and supply costs

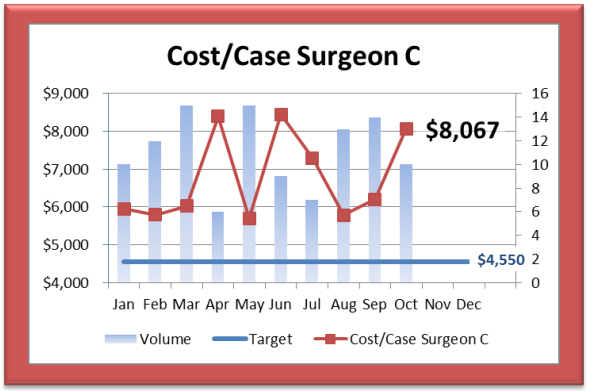
# Comparing Orthopedic Surgeon Costs/Case

## Total Knee Replacement

Direct costs/case – including implant



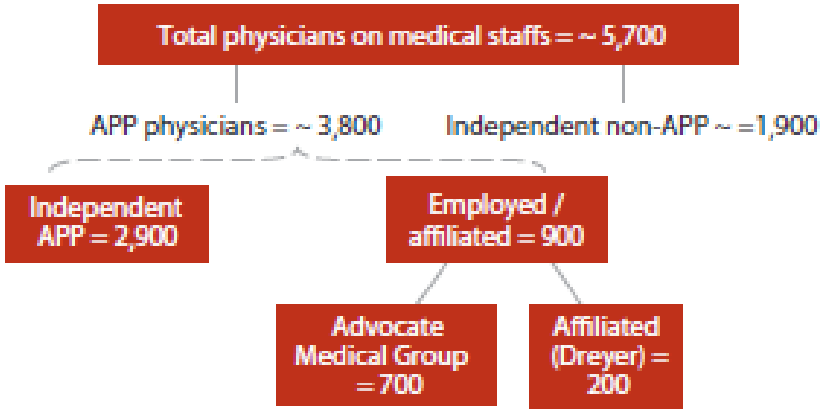



# Advocate Health
# Pioneer in ACO Delivery System

- Goals
  - Focus on care coordination
  - Prevention
  - Early detection
  - Education
- Advocate Healthcare
  - 10 hospitals
    - 250,00 PPO Members
    - 125,000 HMO

# Advocate Health Care's Physician Platform

**Figure 3. Advocate Health Care's Physician Platform**
*Source: Advocate Health Care, Oak Brook, IL. Used with permission.*

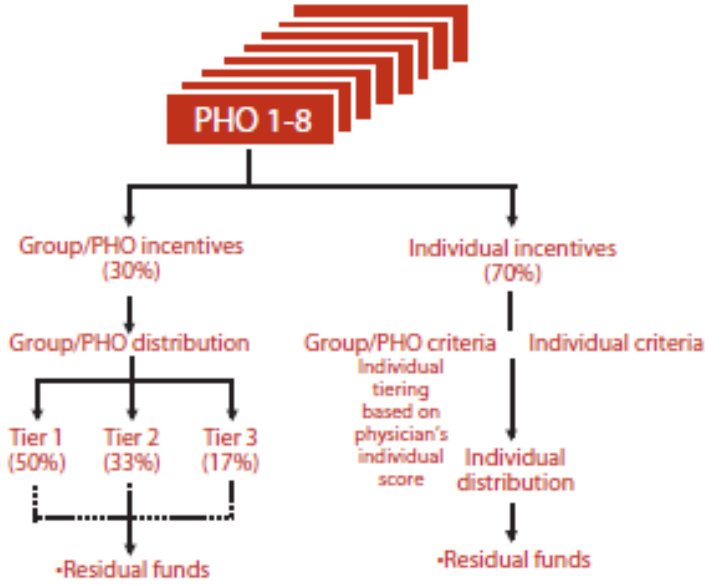


# Group and Individuals Incentives

**Figure 5. APP Incentive Fund Design**

*Note: Residual funds are rolled over into a general clinical integration fund (not tied to individual physician or originating PHO) to be distributed in the following year.*

*Source: Advocate Health Care, Oak Brook, IL. Used with permission.*



# Incentive Categories

- Group
  - All PCP
    - Specialists
    - Hospital Based
- Department
  - Anesthesia Surgeons
- Individual
  - Physicians

# Advocate – Market Leader in Cost / Quality

- Higher reimbursement from payor
  - Hospital
  - Surgeons
- Growth in market share

# Lead Change

- Successful health systems utilize the SSEC to drive the transformation of Perioperative Services and meet new value-based purchasing/ACO goals and outcomes

# Case Study:
## Advocate South Suburban Hospital

***Situation***

Clinical issues

Poor image among consumers

Hospital underperforming

Dependence on medical admissions

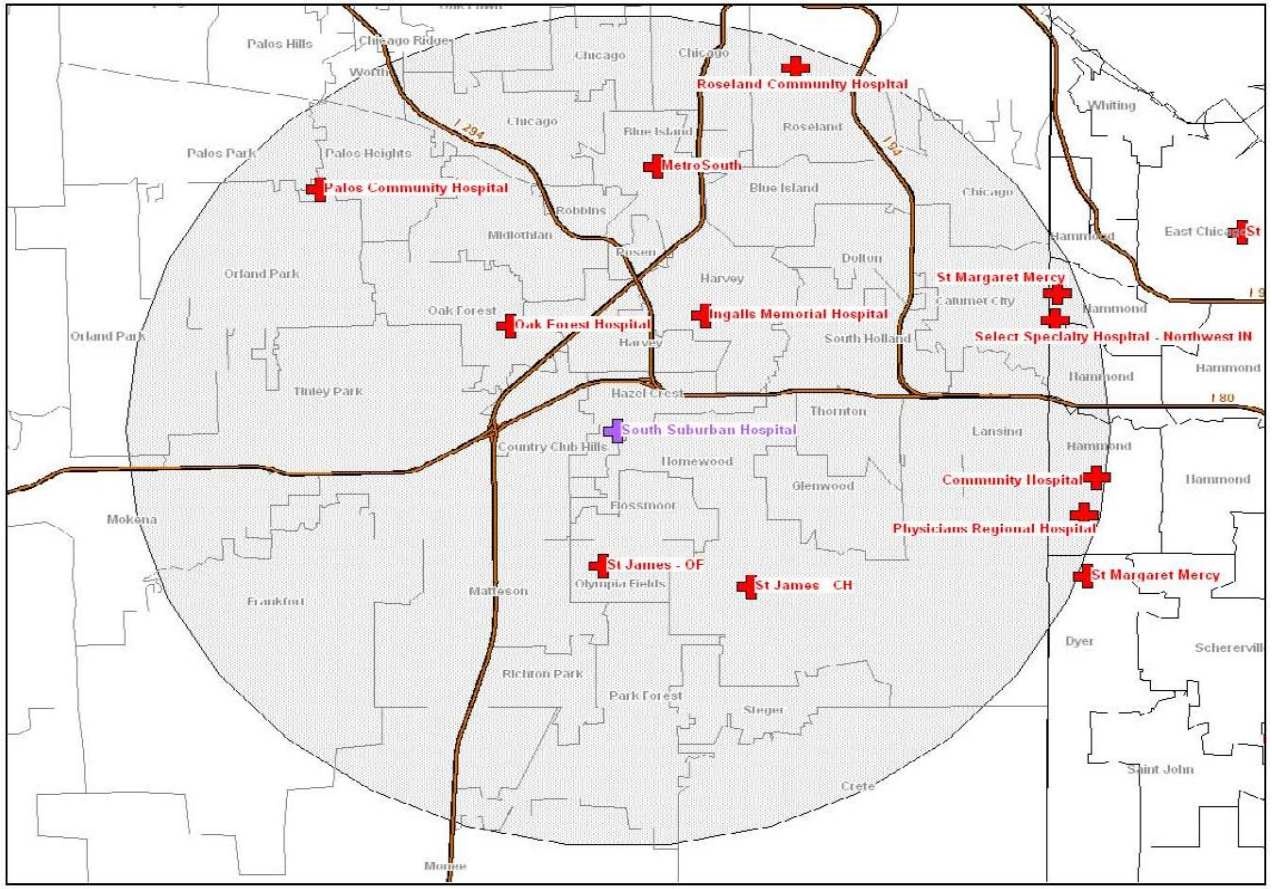
Operational issues

Weak management

Lack of physician partnership

PAT

# Competition Within 10 Minutes



# Case Study:
## Perioperative Transformation

- New Anesthesia Group
- New collaborative governance
- New OR Director
- Revised block time and rules
- Implemented management/physician dashboard reports

# Case Study:
## Anesthesia

- Hospital looking to Anesthesia to drive perioperative performance
  - Effective Medical Director
  - Incentives aligned
  - Stipend based on specific service standards
  - Available effective regional blocks
  - PAT
    - Protocol driven
  - Ability to accommodate add-ons
  - Participate in Daily Huddle
  - On-time starts
  - Quick procedural turnover time
  - Just Culture
  - Adopt 10 points of Safer Surgery

SURGICAL DIRECTIONS

# Collaborative Governance: SSEC

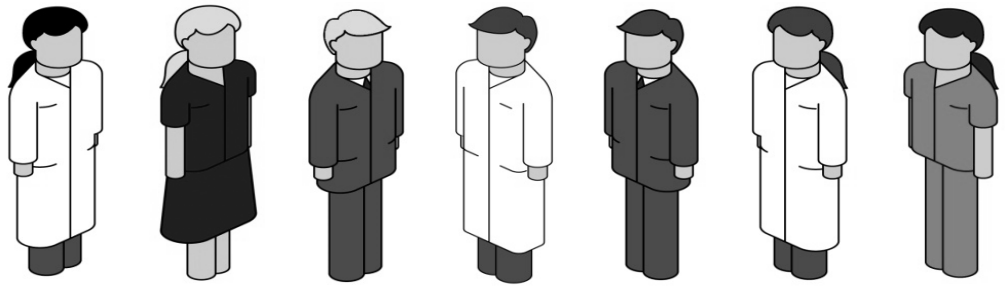
Recommendation: Create a Perioperative governing body to align incentives

Surgical Leadership

OR Nursing Leadership

Anesthesia Leadership

Sr. Hospital Leadership

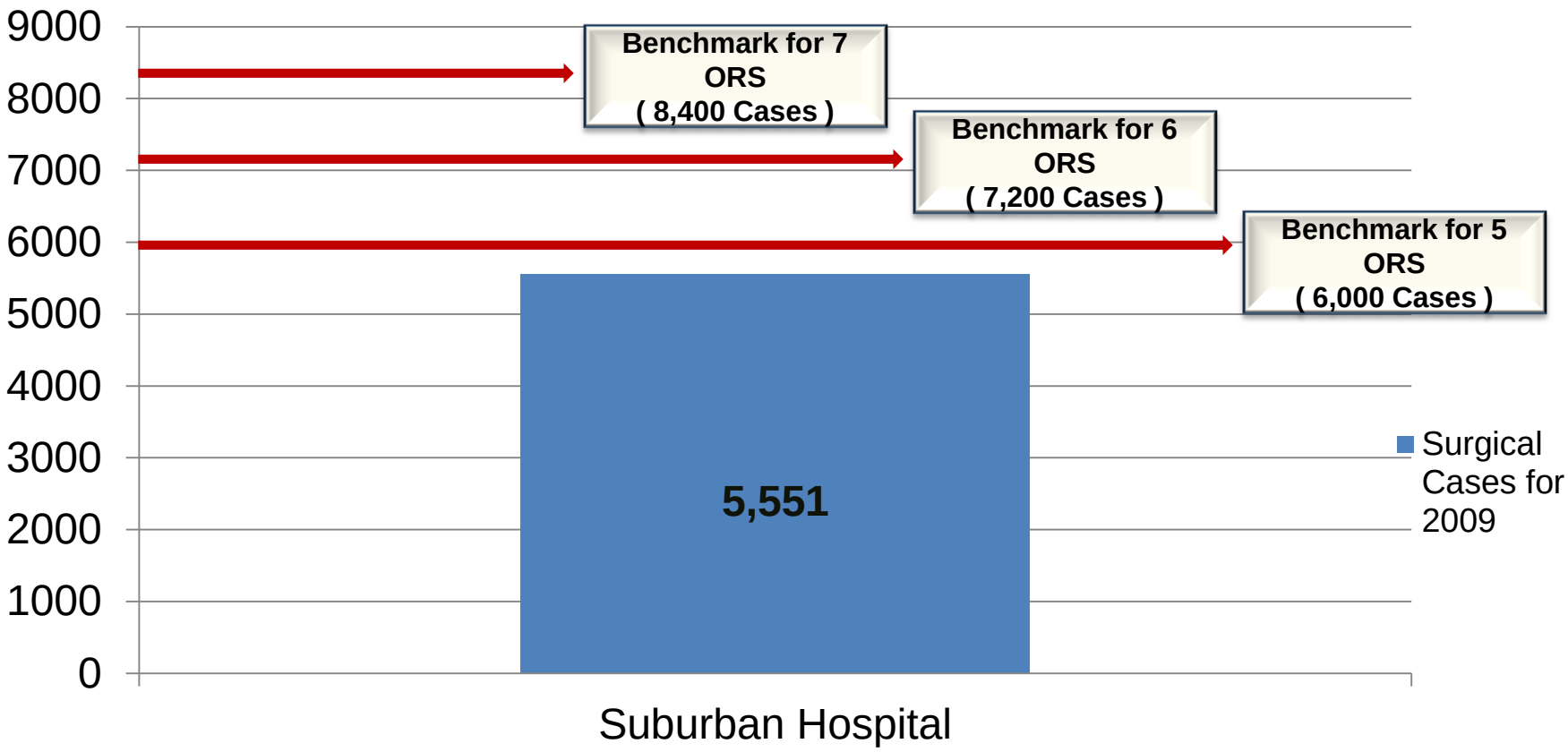


Surgical Services Executive Committee (SSEC)

Chaired by Medical Director(s) of Perioperative Services
Administration-Sponsored Surgery BOD
Controls access and operations of OR
Sponsors and directs team activity

SURGICAL DIRECTIONS

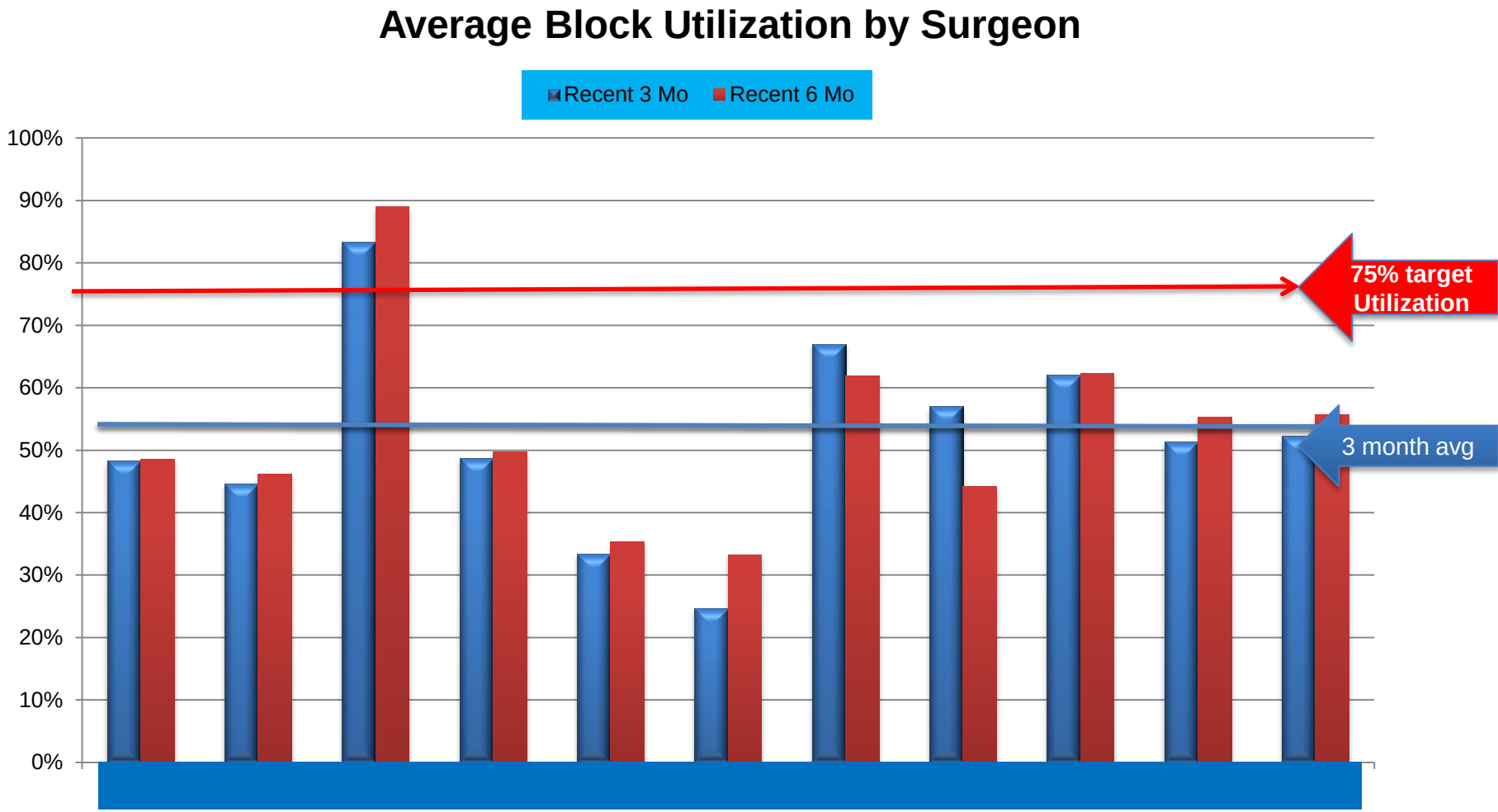
# Case Study:
## Existing Capacity Exceeds Demand




*NOTE: Based upon case mix and IP:OP ratio, Surgical Directions projects optimal OR utilization at: 1,215 cases per OR (37% IP/63% OP)*

SURGICAL DIRECTIONS

# Case Study:
# Block Time Utilization Analysis
# CY 2009



# Case Study:
## Full or Partial Day Blocks

| | Full Day Block | Partial Day Block |
|---|---|---|
| Hospital Revenue | ↑ | ↓ |
| Anesthesia Revenue | ↑ | ↓ |
| Nursing Costs Per OR Minute | ↓ | ↑ |
| Case Volume | ↑ | ↓ |
| Payor Mix | ↑ | ↓ |
| Profit Per Case | ↑ | ↓ |

# Case Study:
## Block Time Ratings

| Metric | Benchmark- Now | Suburban- Was |
|---|---|---|
| Length | 8 hour + | Variable |
| Utilization to maintain | 75% | Not measured |
| Release time | Variable by specialty | 24 hour |
| Open rooms | 20% | 0 |

# Daily Huddle

- Daily huddle in early afternoon looks at cases three days out

| Participants | OR Director<br>Anesthesia<br>PAT<br>Central Sterile Supply<br>Scheduling |
|---|---|
| Task | Review Schedule for next 72 hours<br>Patient Risk Factors<br>Equipment<br>Sequence of Patients<br>Staff Assignment |
| Outcome | Minimize Cancellations<br>Improve On-Time Starts<br>Improve Clinical Outcomes |

- Do you want to give prime block time to surgeons with excessive costs, excessive case time, or poor outcomes?

# PAT

- Medical Director
- Telephone Questionnaire
- Risk Assessment to identify patients needing to be seen
- Testing protocols
- Protocols to manage co-morbidity
- Identify patients in need of intervention prior to surgery
  - Diabetes
  - High BMI
  - Smokers

# Majority of Patients Should Be Screened by Telephone

| Patient Name: | | Date of Birth: _ _ / _ _ / _ _ | |
|---|---|---|---|
| Procedure: | | | |
| Surgeon: | | Date of Surgery: | |
| | | **YES** | **NO** |
| • Do you have any heart problems (Chest pain, heart failure, bypass or stent?) | | ☐ | ☐ |
| • Do you have high blood pressure? (Treated or untreated?) | | ☐ | ☐ |
| • Do you have any problems with your lungs? (Asthma or emphysema) | | ☐ | ☐ |
| • Do you have diabetes? | | ☐ | ☐ |
| • Do you take blood thinners? | | ☐ | ☐ |
| • METS Score (Set METS score calculation | | ☐ | ☐ |
| • Surgical Complexities | | ☐ | ☐ |

SURGICAL DIRECTIONS

# Benchmark Measures for Orthopedic Outcomes

| | "Hospital" | Benchmark |
|---|---|---|
| LOS | | |
| Lumber Fusion | | 2.7 days |
| Cervical Fusion | | 1.4 days |
| Joints | | 2.3 days |
| Complications Joints | | |
| Joint | | 1% |
| Transfusions | | 6% |
| Re-admission | | 1% |
| Discharge Joint | | |
| Home | | 91% |
| ROM | | |

# Case Study: Dashboard

SURGICAL DIRECTIONS

**FY 12**

**Surgical Services Dashboard**

for the period ended May 31, 2012

| Surgical Services Measures | Indicator Goal | FYTD Actual | Progress Indicator | FYTD Target | FYTD % Variance | Recent Trend | Recent 3 Months Actual Mar | Apr | May | Recent 3 Months |
|---|---|---|---|---|---|---|---|---|---|---|
| **OR Volume** | | | | | | | | | | |
| Inpatient OR Cases | ▲ | 3,538 | | 4,297 | -17.7% | ⇧ 3.00 | 324 | 331 | 409 | 1,064 |
| Outpatient OR Cases | ▲ | 6,190 | | 6,581 | -5.9% | ⇨ 2.00 | 560 | 531 | 538 | 1,629 |
| Inpatient OR Minutes | ▲ | 562,796 | | 694,318 | -18.9% | ⇧ 3.00 | 49,930 | 43,487 | 55,669 | 149,086 |
| Outpatient OR Minutes | ▲ | 495,753 | | 487,784 | 1.6% | ⇧ 3.00 | 41,837 | 38,041 | 55,644 | 135,522 |
| IR Lab TV Patients | ▲ | 416 | | 348 | 19.5% | ⇧ 3.00 | 23 | 30 | 36 | 89 |
| **Operational Processes** | | | | | | | | | | |
| First Case Starts On Time | ▲ | 17.3% | | 35.0% | -50.6% | ⇧ 3.00 | 18.4% | 17.3% | 31.8% | 22.5% |
| OR Turnaround Time | ▽ | 36.00 | | 30.00 | 20% | ⇧ 3.00 | 36.10 | 37.00 | 36.00 | 36.37 |
| Block Time Utilization | ▲ | 60.8% | | 70.0% | -13.1% | ⇧ 3.00 | 54.6% | 56.3% | 58.1% | 56.3% |
| Suite Utilization (0730-1530) | ▲ | 60.5% | | 61.1% | -1.0% | ⇧ 3.00 | 55.5% | 57.1% | 62.3% | 58.3% |
| Cancelled Cases <= 1 Day | ▽ | 10.5% | | 5.0% | 110.0% | | 10.2% | 10.1% | 11.4% | 10.6% |
| Cancelled Cases Day of Surgery | ▽ | 5.7% | | 3.0% | 90.0% | | 8.9% | 8.6% | 7.1% | 8.2% |
| % Admitted Add-Ons to OR <= 1 Day | ▲ | 68.3% | | | | | 68.4% | 65.4% | 66.4% | 66.7% |
| % Add-Ons in Day Shirt | ▲ | 47.6% | | | | | 48.9% | 50.4% | 54.9% | 51.4% |
| % ED Admissions in Day Shift | ▲ | 54.5% | | | | | 56.4% | 60.1% | 59.2% | 58.6% |
| % ED admissions to OR <= 1 Day | ▲ | 53.7% | | | | | 57.1% | 50.7% | 49.2% | 52.3% |
| Average OR's in Use | ▲ | 8.7 | | | | | 8.5 | 8.6 | 8.4 | 8.5 |
| **Net Promoter Score** | Indicator Goal | 12 Mos May '11 | Progress | Target | % Variance | Trend | 12 Mos Mar | 12 Mos Apr | 12 Mos May | 3 Mos May '12 |
| Same Day Surgery NPS | ▲ | 81.7 | | 80.1 | | ⇩ -1.00 | 78.2 | 77.4 | 76.4 | 77.3 |
| Market Share Rolling 12 Mos | Indicator Goal | 12 Mos May '11 | Progress | Target | % Variance | | | | | 3 Mos May '12 |
| General Surgery | ▲ | 12.6% | | 14.6% | -13.7% | | | | | 13.1% |
| Musculoskeletal | ▲ | 12.9% | | 12.7% | 1.6% | | | | | 13.2% |
| Cardio-Vascular Surgery | ▲ | 23.8% | | 38.0% | -37.4% | | | | | 22.6% |

| Key | Progress Indicator |
|---|---|
| Achieving Target: | |
| Unfavorable to target by <5% Variance: | |
| Unfavorable to target by >= 5%: | |

# Case Study:
## Outcome

- Most improved hospital in the 13 hospital system
- Increased surgeon satisfaction

# Case Study:
## Performance Outcomes

| Indicators | Improvements |
|---|---|
| Impact on Market Share | 3% |
| Impact on Surgical Volume | 22% |
| Impact on Net Income | $8 million |
| L.O.S. Decrease | 11% |

# How to Get Started

- Identify a chairman who can secure organization commitment
- Transform Governance
  - Medical Director(s)
  - Daily Huddle
- Assemble information to measure performance
- Upgrade PAT

For questions or comments, please contact:

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