Orthopedic Co-Management in an Accountable Care World

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Overview

• Goals and Critical Success Factors

• Legal Bumper Guards, Agreement Structure and Terms

• Orthopedic Performance Improvement Initiatives

• Representative Results of Orthopedic Co-management at Work
Goals of Co-Management Arrangements

- Engagement of physicians in all aspects of the service line (clinical, operational, financial, strategic/program development)
- Achieve measurable and objective improvements in quality, patient satisfaction, physician satisfaction, and financial performance
- Transition specialty care to "accountable care" models of payor contracting (ACOs, P4P, value based purchasing, bundled payments)
- Differentiate hospital and service line participating physicians in the marketplace
- Develop physician leaders

Critical Success Factors for Orthopedic Co-Management

"Co-management aligns my incentives with the hospital's strategic plan. It has eliminated the middle man by putting me at the table resulting in accelerated decision-making. This ensures my ability to provide evidence-based, patient-centered care on a daily basis."

- Orthopedic Physician Dyad Chair

"Now I can strategically think about how to engage the physicians in growing and improving the Service Line rather than putting out fires. When my physician counterpart wants to see me, I know we will be discussing an issue within the understanding and spirit of partnership as a result of the co-management arrangement."

- Orthopedic CNO Dyad Chair

Current state:
- Physicians focused solely on practice goals
- Shared hospital is competitor
- Physicians had a limited voice in decision making
- No formalized leadership development
- Physicians were viewed as peripheral players in performance improvement efforts

Potential state:
- Physician group & Hospital aligned strategic initiatives
- Physicians and patients are partners in healthcare delivery
- Physicians have a significant voice in decision making
- Physicians help drive the performance improvement initiatives to reach identified targets
- Physicians and hospital actively pursuing joint business arrangements

Critical Success Factors for Orthopedic Co-Management
Legal Bumper Guards, Agreement Structure and Terms

Legal Bumper Guards

• Stark Law
• Anti-kickback Statute
• Civil Monetary Penalty Law
• Advisory Opinion 12-22
• IRS Tax Exemption

Legal Bumper Guards

• Commercially reasonable
• FMV, FMV, FMV
• In writing, signed by the parties
• Compensation and services can change no more often than annually
• Services/performance improvement must be documented
• No payments tied to volume or value
• Furtherance of Hospital’s tax-exempt purpose
Agreement Structure and Terms

- Agreement between hospital and participating physicians or management company
- Governance (Clinical Council and Committees)
- Services (management and performance improvement)
- Participation Criteria
- Fees and valuation (50% management/50% performance and allocation)
- Define scope of service line (DRGs and subspecialties; focus on hospital services)
- Delegated authority from hospital to physicians and "reserve" hospital authority
- Miscellaneous (Non-competes; ACO participation; HIPAA Confidentiality)

Orthopedic Performance Improvement Initiatives and Representative Results

Quality

<table>
<thead>
<tr>
<th>Metric</th>
<th>Data Source</th>
<th>Comments</th>
</tr>
</thead>
<tbody>
<tr>
<td>% Cases Above Average LOS</td>
<td>Clinical Information Tool</td>
<td>May be specific DRG or total for service</td>
</tr>
<tr>
<td>% Cases Above CMS GLOS</td>
<td>Clinical Information Tool</td>
<td>May be specific DRG or total for service</td>
</tr>
<tr>
<td>% 30 Day Readmission Rate</td>
<td>Clinical Information Tool</td>
<td>Publicly reported</td>
</tr>
</tbody>
</table>

Examples of Complications, SCIP Measures, HACs and AHRQ indicators are in Appendix.
### Cost Reduction

<table>
<thead>
<tr>
<th>Metric</th>
<th>Data Source</th>
<th>Comments</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total Direct Cost for OR Supplies &amp; Implant Cost</td>
<td>Patient Encounter</td>
<td></td>
</tr>
<tr>
<td>Participation on a supply committee to standardize implants and vendors</td>
<td>Meeting Minutes and Action Plans</td>
<td>Participation in this area will impact implant use and standardization which will affect direct cost</td>
</tr>
<tr>
<td>Development and use of implant matching criteria</td>
<td>Retrospective Record Review</td>
<td>An evidence based protocol for implant choice would need to be developed or adopted from standardized vendor(s)</td>
</tr>
<tr>
<td>Direct Cost of OR time utilization</td>
<td>Patient Encounter</td>
<td>Data would be pulled from charges/direct cost</td>
</tr>
<tr>
<td>Participate on a committee to address embedded issues causing delays</td>
<td>Meeting Minutes and Action Plans</td>
<td>Some delays may be secondary to other issues, such as supplies, training, first assist, scheduling, etc.</td>
</tr>
<tr>
<td>Total blood usage</td>
<td>Patient Encounter</td>
<td>Blood usage may be impacted by: Total OR time</td>
</tr>
<tr>
<td></td>
<td>data/ TBD (blood bank)</td>
<td>- Coordination of care with Hospitalist</td>
</tr>
</tbody>
</table>

### Patient Satisfaction

<table>
<thead>
<tr>
<th>Metric</th>
<th>Data Source</th>
<th>Comments</th>
</tr>
</thead>
<tbody>
<tr>
<td>Score of question “During this hospital stay, how often did doctors explain things in a way you could understand?”</td>
<td>HCAHPS Hospital Compare</td>
<td>This is publicly reported data</td>
</tr>
<tr>
<td>Score of question “During this hospital stay, how often did doctors treat you with courtesy and respect?”</td>
<td>HCAHPS Hospital Compare</td>
<td>This is publicly reported data</td>
</tr>
<tr>
<td>Score of question “During this hospital stay, how often did doctors listen carefully to you?”</td>
<td>HCAHPS Hospital Compare</td>
<td>This is publicly reported data</td>
</tr>
<tr>
<td>Physician “Overall” satisfaction score</td>
<td>HCAHPS Hospital Compare</td>
<td>This is publicly reported data - Average of 3 questions</td>
</tr>
<tr>
<td>Hospital specific patient satisfaction indicators</td>
<td>Patient satisfaction data</td>
<td>Data may be sorted by physician or IP unit and may identify trends in patient experience</td>
</tr>
</tbody>
</table>

### Care Coordination

<table>
<thead>
<tr>
<th>Metric</th>
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<th>Comments</th>
</tr>
</thead>
<tbody>
<tr>
<td>Create and utilize a protocol to identify patients for appropriate post acute care venues prior to surgery</td>
<td>Retrospective record review</td>
<td>This will impact efforts in the Post Acute Care Alignment and Transitions of Care (Home Health and SNF)</td>
</tr>
<tr>
<td>Formulate standards of care with the hospitalist group to address symptom management and appropriate interventions</td>
<td>Retrospective record review</td>
<td>The intent is to decrease the overall resource utilization of a patient visit. This would be reflected by the overall direct cost/care</td>
</tr>
<tr>
<td>Create protocols and care pathways for ED patients with orthopedic injury/surgery</td>
<td>Retrospective Record Review</td>
<td>This would focus on target DRGs</td>
</tr>
<tr>
<td></td>
<td></td>
<td>- Hip and Femur procedures except major joint W/CC</td>
</tr>
<tr>
<td></td>
<td></td>
<td>- Hip and Femur procedures except major joint W/O CC/MCC</td>
</tr>
<tr>
<td>Create and utilize evidence based care protocols for IP units to standardize care and expectations</td>
<td>Retrospective record review, Pharmacy data</td>
<td>Efficiency and Care Coordination efforts will impact</td>
</tr>
<tr>
<td></td>
<td></td>
<td>- Length of stay</td>
</tr>
<tr>
<td></td>
<td></td>
<td>- Quality outcomes</td>
</tr>
<tr>
<td></td>
<td></td>
<td>- Overall resource utilization</td>
</tr>
</tbody>
</table>

**Care Coordination**

**Data Source**
- Coordination of care with Hospitalist
- Data may be sorted by physician or IP unit and may identify trends in patient experience
ACO Care Coordination

- 7 day correspondence with PCPs after referral visit.
- % consults with PCP prior to scheduling joint replacement surgery
- % patients seen within 48 hours of an urgent consultation
- % of time discharge summaries are sent to PCPs within 7 days of discharge
- Development of orthopedic standards of care to identify criteria for consultations without delay of diagnostic imaging.
- Development and use of a practice standard which calls for agreement from a patient’s PCP before consulting another specialist

Retrospective

- Primary responsibility for coordination of patient care lies with the PCP. Consultation with the PCP should occur prior to referral to another specialist. Or, all specialist referrals must be made by the PCP.

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Representative Results of Orthopedic Co-management

**Strategy**
- Reduce hospital stay.
- Increase joint replacement surgery.
- Ensure appropriate use of imaging.
- Improve functional outcomes.
- Freeze a surgeon’s fee.

**Finance**
- Reduce hospital stay.
- Increase joint replacement surgery.
- Ensure appropriate use of imaging.
- Improve functional outcomes.
- Freeze a surgeon’s fee.

**Quality**
- Reduce hospital stay.
- Increase joint replacement surgery.
- Ensure appropriate use of imaging.
- Improve functional outcomes.
- Freeze a surgeon’s fee.

**Operations**
- Reduce hospital stay.
- Increase joint replacement surgery.
- Ensure appropriate use of imaging.
- Improve functional outcomes.
- Freeze a surgeon’s fee.

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Representative Results of Orthopedic Co-management

<table>
<thead>
<tr>
<th>DRG 470 – Major Joint Replacement</th>
<th>Hospital</th>
<th>National Avg.*</th>
</tr>
</thead>
<tbody>
<tr>
<td>Home Health Utilization % (All Payers)</td>
<td>57%</td>
<td>37%</td>
</tr>
<tr>
<td>ALOS</td>
<td>3.0</td>
<td>3.4</td>
</tr>
<tr>
<td>Avg. Cost / Case</td>
<td>$9,401</td>
<td>$9,747</td>
</tr>
</tbody>
</table>

* Based on MedPAC data book 2012
Value in Alignment with SNF, Home Health Providers

The benefits from focusing on developing a network of aligned PAC providers include:

- Decreased readmissions through shared accountability
- Reduced Medicare LOS for patients placed in aligned post-acute care providers through care transition and authorization efficiencies
  - Reducing LOS by 1 full day = approximately $400 in direct cost savings per discharge
- Positioning the organization for success under bundled payments or other risk programs by utilizing home health versus SNF for recovery of certain conditions.

Discussion and Questions