Orthopedics in a Changing Market

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Introduction

Many centers are facing stagnant or declining reimbursement from payers as the out of network model is quickly becoming a dinosaur and worker's compensation reform is being implemented by states due to budget constraints.

While orthopedics as a specialty is a big winner, as the new Medicare payment system phases in, margin pressure is a recurring theme in the ASC industry

Orthopedics is traditionally a profit center for many ASCs, but we submit that many centers are not maximizing their margins and can take additional steps to augment this very important service line.

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Revenue and Reimbursement

- Know your case mix – be acutely aware of your top 20 CPT codes
- Know your cost for the top cases – (shoulders, knee arthroscopy, ACLs)
- Educate your Surgeons on the reimbursement by payer
- Educate your Surgeons on their cost to perform the case and benchmark them against their peers.
- Educate your Staff and create appropriate incentives to reward quality of care initiatives, patient satisfaction and appropriate fiscal controls.
- Negotiate with the payers and focus on carve outs for the top CPT codes.
- Address Implants – are they covered? Can a third party vendor be utilized?

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Inventory Management

- Bar Code System of Inventory Accounting
- Elimination of Duplicate Implant Systems

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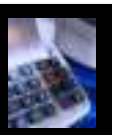

Profit Margin Control

- Consignment/ No Purchased Implants
- Cost Analysis by Provider
- Cost Analysis by Payer
- Cost Competitive Implant Selection

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Implant Cost Control

- Negotiated Implant Pricing (Comparative Shopping)
- Volume Rebates
- Awareness of “Annual Price Increase”

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Miscellaneous

- Volume tie-in with Partnered Hospitals
- Volume contract for Ancillary Equipment
- When to “spend to save”

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