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GROWING MEDICARE'S ASC-PAYABLE LIST

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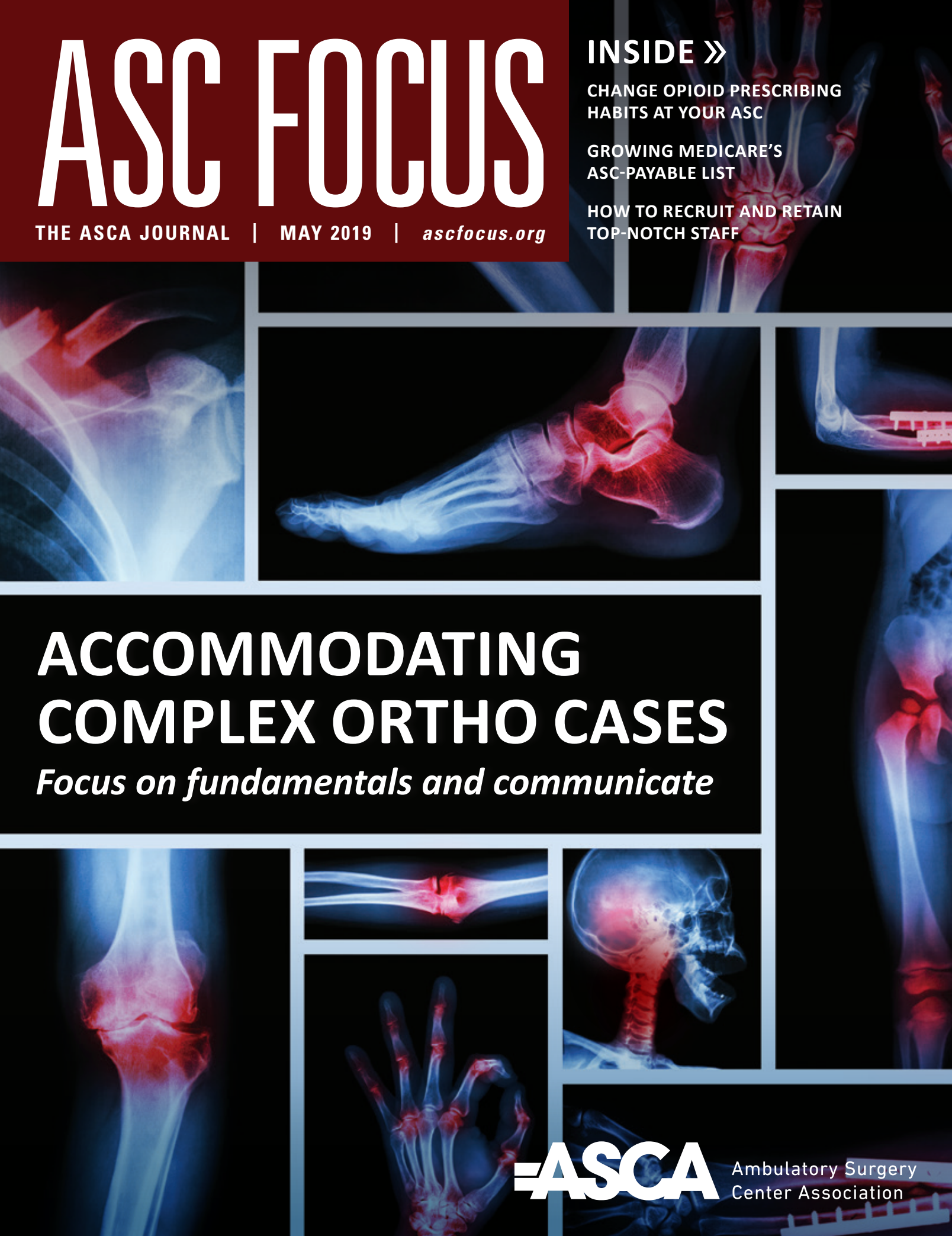


ACCOMMODATING COMPLEX ORTHO CASES

Focus on fundamentals and communicate

ASCA Ambulatory Surgery Center Association

Trends in Total Joint Replacement

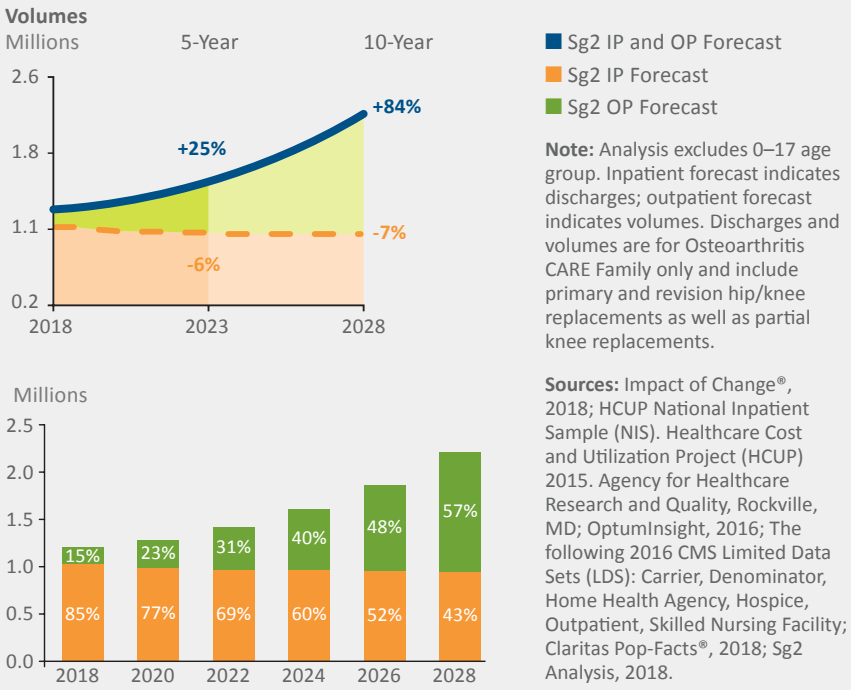
ASCs need to prepare for tremendous outpatient growth in the sector

BY AMANDA OLDEROG

An aging population and high obesity rates continue to increase the prevalence of osteoarthritis and, subsequently, demand for joint replacements. In the next decade Sg2 projects 84 percent growth in hip and knee joint replacement surgery. Despite increasing demand, inpatient (IP) growth will slow substantially due to payer and patient price sensitivity, technology advances, improved pain management efforts and surgeon preference. Outpatient (OP) growth, however, will soar—57 percent of all nonfracture knee and hip replacements will be performed in the OP setting by 2028. Capitalizing on the opportunity will require provider systems to redefine the total joint replacement (TJR) experience via efficient, dedicated ambulatory spaces in both the hospital outpatient department (HOPD) and ASC settings. In short, capturing tremendous TJR opportunity calls for an optimized ambulatory experience.

Sg2's forecast for total joint replacement surgery considers the short- and long-term implications for the strategic planning process. In the short-term—less than five years—the subset of young, healthy patients who are appropriate—even eager—candidates for OP procedures will continue to rapidly grow as nearly half of all procedures today are performed on patients younger than 65 years of age. As once inpatient-only surgical procedures rapidly shift to less costly OP sites, comprehensive systems must have a strategic plan to manage the transition and must clearly identify the appropriate patient for IP, ASC and HOPD sites of care as robust demand for orthopedic services will create system-wide capacity challenges.

IP and OP Hip and Knee Replacement Forecast, US Market, 2018–2028



Note: Analysis excludes 0–17 age group. Inpatient forecast indicates discharges; outpatient forecast indicates volumes. Discharges and volumes are for Osteoarthritis CARE Family only and include primary and revision hip/knee replacements as well as partial knee replacements.

Sources: Impact of Change®, 2018; HCUP National Inpatient Sample (NIS). Healthcare Cost and Utilization Project (HCUP) 2015. Agency for Healthcare Research and Quality, Rockville, MD; OptumInsight, 2016; The following 2016 CMS Limited Data Sets (LDS): Carrier, Denominator, Home Health Agency, Hospice, Outpatient, Skilled Nursing Facility; Claritas Pop-Facts®, 2018; Sg2 Analysis, 2018.

As organizations look further out to the future, the OP shift of largely elective procedures will require careful resource planning (e.g., facility and staffing capacity) to account for the more medically complex patient population remaining in both the IP setting as well as on- and off-campus ambulatory spaces. With new market players increasingly vying for high-revenue commercial volumes, access, convenience, experience and price will matter more than ever. High-deductible health plans, narrow networks and episode-based contracting (e.g., bundles, reference-based benefit designs) will incent patients to choose facilities based on value, forcing providers to compete on price and clinical outcomes across all settings.

Developing Your Outpatient Joint Replacement Offering

As consumer and provider demand for outpatient options increase, organizations must prioritize the development of a comprehensive outpatient total joint program. Creating this new offering requires collaboration among surgeons, service line personnel and administrators. Programmatic development should begin with a comprehensive market assessment to determine which patients may transition to an off-campus setting. After developing a comprehensive outpatient joint replacement offering, programs should maximize clinical performance and operational efficiency to best position themselves for overall care value.

The advice and opinions expressed in this column are those of the author and do not represent official Ambulatory Surgery Center Association policy or opinion.

Elective Total Hip and Knee Replacement Surgery

Campus	2013	2014	2015	2016	2017	5-Year % Increase
Trinity Bettendorf*	463	475	459	517	654	41%
Mississippi Valley Surgery Center	115	126	165	248	320	178%
Total	578	601	624	765	974	69%
% Outpatient	20%	21%	26%	32%	33%	—

*DRG 470, elective cases only.
Source: Sg2 Interview With Mississippi Valley Surgery Center and Trinity Bettendorf, 2018.

> *"Outpatient growth, however, will soar—57 percent of all nonfracture knee and hip replacements will be performed in the OP setting by 2028."*
>
> *—Amanda Olderog, Sg2*

The ability to thrive during the transition to outpatient total joint replacement surgery requires an expansion of the System of Clinical Alignment and Resource Effectiveness (CARE) perspective. The new comprehensive TJR program now includes outpatient services in the hospital and ASC settings. Organizations able to define and deliver on the value proposition for key stakeholders will be strategically positioned for growth in all the right places.

Case Study

UnityPoint Health—Trinity operates four full-service hospitals in Illinois and Iowa and performs more than 1,000 hospital-based inpatient and outpatient joint replacement procedures annually. Additionally, Trinity has performed more than 2,500 outpatient total joint replacement surgeries since the program's inception at Trinity's Mississippi Valley Surgery Center (MVSC), in a joint venture with community physicians and Surgical Care Affiliates. The forecasted growth of TJR surgery, along with the removal of total knee replacement from the CMS inpatient-only list in 2018, triggered an expansion of MVSC that nearly doubled overnight bed capacity. The expansion was supported by hospital leaders who serve on the ASC board and partner with surgeons on growth and patient experience strategies for both the ASC and hospital care sites.

Physician-Driven Transformation

The outpatient joint replacement movement at Trinity started as an initiative of a single high-volume joint replacement surgeon more than 10 years ago. Today, 85 percent of patients are discharged directly home the day after surgery at Trinity's Bettendorf, Iowa, hospital campus and a significant proportion of commercial TJR patient procedures are already performed in the ASC joint venture setting.

Focusing on Patient Experience Across Sites of Care

The patient experience heavily focuses on RN navigation, patient engagement in the healing process, and quality and patient experience improvement in both the hospital and ASC sites of care.

- **Navigation and education:** A pillar of the program, the RN navigator serves as the point person for patient and care team education, rounding and post-acute follow-up. Because the program includes many patients traveling from a distance, Trinity's Rapid Recovery Joint Replacement Guide is available online as a supplement for those attending the preoperative patient education course known as Joint Academy. Education continues post-discharge and focuses on identifying and resolving common issues that might lead to emergency department visits or readmission. The RN navigator also serves as the consistent voice of the program to the care team on protocols and expectations.
- **Engagement and support:** Surgeons kick off patient engagement expectations in the office setting, heavily reinforcing the need for the patient to identify a "coach" to be present throughout the education and recovery process.
- **Quality and patient experience improvement:** Surgeons partner with hospital and ASC leadership on continued refinement and measurement of key outcomes, including quality and patient experience. Program initiatives include site of care selection criteria, patient optimization for surgery and perioperative and postoperative protocol development.

Outcomes: Year-over-year ASC and hospital growth demonstrated

Mississippi Valley Surgery Center's early entry into the outpatient joint replacement surgery space allowed for program differentiation among patients and payers. As one of the first ASCs in Iowa to partner with commercial payers, MVSC's combined hospital and ASC programs witnessed incremental growth in joint replacement surgery volume. Most notably, growth in the surgery center did not result in hospital inpatient volume declines. This is consistent with Sg2's message that TJR surgery growth will require capacity evaluation across all sites of care. «

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