Study: Costs of Certain Orthopaedic Procedures Lower at an ASC

According to research recently published in the Journal of the American Academy of Orthopaedic Surgeons (AAOS), direct costs for select orthopaedic procedures were significantly less when these procedures were performed at an ambulatory surgical center (ASC) rather than at a university-based children’s hospital (UH).

The study authors looked at the direct costs of 1,021 surgical bone and joint procedures in which patients were able to choose whether their procedures were performed at an ASC or a UH. Direct costs, as defined in the study, are goods and services such as drugs, implants, and laboratory and radiological services. All procedures were performed by the same group of orthopaedic surgeons. Patients who required an overnight stay (eg, revision surgeries, complex cases, medically complex patients) were excluded. Outcomes of the surgical bone and joint procedures were not reviewed.

“There was a savings in direct costs of 17 percent to 43 percent, depending on the procedure, when performed at an ASC rather than at a UH,” said Peter D. Fabricant, MD, MPH, of the Hospital for Special Surgery and lead author of the study performed at Children’s Hospital of Philadelphia. The savings (Fig. 1) appear to be the result of more efficient usage of time and resources due to streamlined care processes at the ASC, compared to those at the UH, for the same bone and joint procedure, explained Dr. Fabricant.

According to the investigators, potential patient benefits of receiving select surgical bone and joint care at ASCs include a decrease in the overall cost of health care with a more efficient care model that could help insurance premiums and copayments remain steady or decrease. In addition, clinically eligible patients and families would have the ability to choose the surgical location most convenient for them.

“If orthopaedic practices gained access to an ASC for day surgery, they would be able to deliver the same care at a decreased cost and improve patient satisfaction by offering the convenience of care location options,” asserted Dr. Fabricant. “From the patient and family perspective, care closer to one’s home and family is of higher value. Hospital systems have started to respond by shifting resources into developing satellite centers.”

The research suggests ASCs can be convenient and potentially offer some cost savings to both insurers and patients. However, patients with medically complex conditions are not eligible candidates for care in a satellite setting. The ASC in this study offered services/care performed close to people’s homes—which may not be available in all regions or practice settings—and requires less operational overhead than a UH often located in an urban setting.

A link to the complete study can be found in the online version of this article, available at www.aaosnow.org.

ANCILLARY SERVICES

PODs

In essence, PODs are a service through which a physician group distributes its own implants. Dr. Althausen explained that in some cases, the legality of PODs has come into question, so he advised that physicians who set up a POD tread carefully to avoid conflicts of interest. He stated that his practice does not operate a POD, but noted that several large groups have successfully done so.

“Essentially, it means that you act as your own rep and your own distributor, and you get a percentage of the implants that you use,” he noted. “Many physicians have no idea of the dollar amount in implants their practice utilizes each year, but our office used more than $18 million last year, and even a small percentage of this total would translate to a large income. This is big business for existing implant manufacturers and distributors and they have a lot to lose. Such companies have a lot of money and lawyers who are willing to challenge the very notion of PODs. As a result, this ancillary should be examined very closely with legal counsel prior to taking it on.”

Skilled nursing facilities

“When it comes to value-based care, the hardest thing to control is your patients,” said Dr. Althausen. “Post-acute care consumes 50 percent of the cost of current hip fracture episodes of care. It is the number one target for value-based healthcare programs like the Comprehensive Care for Joint Replacement, Surgical Hip/Femur Fracture Treatment, and Bundled Payments for Care Improvement initiatives. This is an emerging ancillary opportunity and a chance for the case surgeon to take control during the post-acute care phase. However, it will take an investment; you have to buy a building and employ nurses...things you may never have done before. But this could be a very valuable opportunity, and potentially a $2 million to $4 million business per year for a large orthopaedic group. If operated well, such a facility could provide top notch patient care at reduced costs with direct physician oversight, which is beneficial to patients, physicians, and the healthcare system.

“All of these ancillary services depend on surgeons behaving in an ethical manner,” Dr. Althausen added. “They can be a valuable source of income for the physician in private practice and a vital part of any negotiation for those who are hospital-employed. Either way, don’t let that income source get away from you. Capture and control as much of the episode of care as you can, utilize it to your best advantage, and always be on the lookout for new opportunities.”

Peter Pollack is the electronic content specialist for AAOS Now. He can be reached at ppollack@aaos.org

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