Creating Best in Class Perioperative Services under Accountable Care and Value-Based Purchasing

Becker's Healthcare
Jeffry Peters

Learning Objective

• How ACA/VBP changes how we measure surgical services success
• Process to successfully position surgical services for the new paradigm
• Strategy to improve clinical outcome and lower cost
• 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

Quality-Based Payment Models

Care processes
Error penalties
Readmission penalties
Patient satisfaction
Shared savings
Clinical outcomes

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## Reimbursement

<table>
<thead>
<tr>
<th>Before</th>
<th>After</th>
</tr>
</thead>
<tbody>
<tr>
<td>Value-Based Purchasing</td>
<td>Value-Based Purchasing</td>
</tr>
<tr>
<td>AGO</td>
<td>ACO</td>
</tr>
<tr>
<td>Volume Based</td>
<td>Volume Based</td>
</tr>
<tr>
<td></td>
<td>Outcome Based</td>
</tr>
</tbody>
</table>

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### Value-Based Purchasing

<table>
<thead>
<tr>
<th></th>
<th>Year</th>
<th>Metric</th>
</tr>
</thead>
<tbody>
<tr>
<td>PY13</td>
<td>SCIP</td>
<td></td>
</tr>
<tr>
<td>PY14</td>
<td>Outcome AMI</td>
<td></td>
</tr>
<tr>
<td>PY15</td>
<td>CVT, PE, SSI</td>
<td></td>
</tr>
</tbody>
</table>

### CMS

<table>
<thead>
<tr>
<th>Year</th>
<th>Metric</th>
</tr>
</thead>
<tbody>
<tr>
<td>PY13</td>
<td>No Payment Orthopedics DVT/SE Retained objects</td>
</tr>
</tbody>
</table>

### AC

<table>
<thead>
<tr>
<th>Metric</th>
</tr>
</thead>
<tbody>
<tr>
<td>Readmission</td>
</tr>
<tr>
<td>Shared savings</td>
</tr>
</tbody>
</table>

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## 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 Home
Competitive Advantage

• Obtaining a sustainable competitive advantage requires attention to outcomes, costs, services, and delivery system

  • Outcome
    - NSQIP
      - Cancer Survival Complications
      - Heart Survival 5, 10 years, function, complication
      - Orthopedics Pain-free functionality
  
  • Cost
  
  • Service
    - Patient HCAPS
    - Surgeon OR Efficiency
  
  • Delivery System

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
    - 250,000 PPO Members
    - 125,000 HMO

Advocate Health Care’s Physician Platform
Incentive Categories

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

Incentives

<table>
<thead>
<tr>
<th>Group Primary Care Specialist</th>
<th>Individual Anesthesiologist</th>
<th>Surgeon Anesthesiologist</th>
</tr>
</thead>
<tbody>
<tr>
<td>Hospital Days/1,000</td>
<td>Flu Shot</td>
<td>SCP</td>
</tr>
<tr>
<td>Controlled hypertension</td>
<td>Generic Prescriptions for &gt;25 Rx</td>
<td>Pre-Surgical prophylactic antibiotic administration &amp; selection</td>
</tr>
<tr>
<td>30 day readmission</td>
<td>Clinical Integration education</td>
<td>CV patients with controlled post-operative glucose</td>
</tr>
<tr>
<td>Potentially avoidable admission - Retained object - Wrong site - Post-op infection</td>
<td></td>
<td></td>
</tr>
<tr>
<td>ER visits</td>
<td>Pain/QoP temperature management</td>
<td></td>
</tr>
<tr>
<td>Patient satisfaction</td>
<td>DVT prophylaxis</td>
<td>Surgery patients on Beta Blockers prior to surgery</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Patient satisfaction</td>
</tr>
</tbody>
</table>
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 Lutheran General Hospital - tertiary provider

- Goal: Outcome at Best Performing Nationally for Perioperative Services
• Single path scheduling
• Document management
• Presurgical optimization
• Daily Huddle
• Surgical Safety
• Participant in NSQIP

SCIP

| Retained objects | 0 per 1,000 cases
| Retained objects | 0.028 per 1,000 cases nationally
| Post surgical complications | DVT 75%
| Post surgical complications | UTI 35%
| Post surgical complications | Kidney 80%
| Post surgical complications | Pneumonia 2007 1.4
| LOS | Complicated aortic surgery
| Readmissions | Net 9 days < 6 5 days
| Cancellations | 18 month before 3 month now

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

<table>
<thead>
<tr>
<th>Patient Name</th>
<th>Date of Birth</th>
<th>Procedure</th>
<th>Surgeon</th>
<th>Date of Surgery</th>
<th>Heart Problems</th>
<th>Blood Pressure</th>
<th>Lung Problems</th>
<th>Diabetes</th>
<th>Blood Thinners</th>
<th>METS Score</th>
<th>Surgical Complexities</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>Yes</td>
<td>No</td>
<td>Yes</td>
<td></td>
<td>No</td>
<td>Yes</td>
<td></td>
</tr>
</tbody>
</table>

Daily Huddle

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

<table>
<thead>
<tr>
<th>Participants</th>
<th>OR Director</th>
<th>Anesthesia</th>
<th>PAT</th>
<th>Central Sterile Supply</th>
<th>Scheduling</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Review Schedule for next 72 hours</td>
<td>Patient Risk Factors</td>
<td>Equipment</td>
<td>Sequence of Patients</td>
<td>Staff Assignment</td>
</tr>
<tr>
<td>Outcome</td>
<td>Minimize Cancellations</td>
<td>Improve On-Time Starts</td>
<td>Improve Clinical Outcomes</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

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
**Case Study:**
**New Anesthesia Group**

<table>
<thead>
<tr>
<th></th>
<th>Previous</th>
<th>Current</th>
</tr>
</thead>
<tbody>
<tr>
<td>Service Orientation</td>
<td>![Red]</td>
<td>![Green]</td>
</tr>
<tr>
<td>Compensation</td>
<td>![Red]</td>
<td>![Green]</td>
</tr>
<tr>
<td>Clinic Skills</td>
<td>![Red]</td>
<td>![Green]</td>
</tr>
<tr>
<td>Service/Collaborative</td>
<td>![Red]</td>
<td>![Green]</td>
</tr>
</tbody>
</table>

**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

**Case Study:**
**Existing Capacity Exceeds Demand**

<table>
<thead>
<tr>
<th></th>
<th>Benchmark for 7 ORS (6,900 Cases)</th>
<th>Benchmark for 6 ORS (7,200 Cases)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Suburban Hospital</td>
<td>![5,551]</td>
<td>![5,551]</td>
</tr>
</tbody>
</table>

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)
Case Study: Block Time Utilization Analysis CY 2009

Average Block Utilization by Surgeon

Case Study: Full or Partial Day Blocks

<table>
<thead>
<tr>
<th>Metric</th>
<th>Full Day Block</th>
<th>Partial Day Block</th>
</tr>
</thead>
<tbody>
<tr>
<td>Hospital Revenue</td>
<td>↑</td>
<td>↓</td>
</tr>
<tr>
<td>Anesthesia Revenue</td>
<td>↑</td>
<td>↓</td>
</tr>
<tr>
<td>Nursing Costs Per OR Minute</td>
<td>↓</td>
<td>↑</td>
</tr>
<tr>
<td>Case Volume</td>
<td>↑</td>
<td>↓</td>
</tr>
<tr>
<td>Payor Mix</td>
<td>↑</td>
<td>↓</td>
</tr>
<tr>
<td>Profit Per Case</td>
<td>↑</td>
<td>↓</td>
</tr>
</tbody>
</table>

Case Study: Block Time Ratings

<table>
<thead>
<tr>
<th>Metric</th>
<th>Benchmark- Now</th>
<th>Suburban- Was</th>
</tr>
</thead>
<tbody>
<tr>
<td>Length</td>
<td>8 hour +</td>
<td>Variable</td>
</tr>
<tr>
<td>Utilization to maintain</td>
<td>75%</td>
<td>Not measured</td>
</tr>
<tr>
<td>Release time</td>
<td>Variable by specialty</td>
<td>24 hour</td>
</tr>
<tr>
<td>Open rooms</td>
<td>20%</td>
<td>0</td>
</tr>
</tbody>
</table>
• Do you want to give prime block time to surgeons with excessive costs, excessive case time, or poor outcomes?
Benchmark Measures for Orthopedic Outcomes

<table>
<thead>
<tr>
<th>Los</th>
<th>Benchmark</th>
</tr>
</thead>
<tbody>
<tr>
<td>Lumber Fusion</td>
<td>2.7 days</td>
</tr>
<tr>
<td>Cervical Fusion</td>
<td>1.4 days</td>
</tr>
<tr>
<td>Joints</td>
<td>2.3 days</td>
</tr>
<tr>
<td>Complications Joints</td>
<td></td>
</tr>
<tr>
<td>Joint</td>
<td>1%</td>
</tr>
<tr>
<td>Transfusions</td>
<td>0%</td>
</tr>
<tr>
<td>Re-admissions</td>
<td>1%</td>
</tr>
<tr>
<td>Discharge</td>
<td></td>
</tr>
<tr>
<td>Joint</td>
<td>91%</td>
</tr>
<tr>
<td>ROM</td>
<td></td>
</tr>
</tbody>
</table>

Case Study: Dashboard

<table>
<thead>
<tr>
<th>Fiscal Year</th>
<th>Inpatient OR Cases</th>
<th>Net Promoter Score</th>
<th>General Surgery</th>
<th>Musculoskeletal Surgery</th>
</tr>
</thead>
<tbody>
<tr>
<td>FY13</td>
<td>3,538</td>
<td>81.7</td>
<td>12.6%</td>
<td>12.9%</td>
</tr>
<tr>
<td>FY12</td>
<td>4,297</td>
<td>80.1</td>
<td>14.6%</td>
<td>12.7%</td>
</tr>
<tr>
<td>FY11</td>
<td>3,875</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
Case Study: Outcome

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

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Case Study: Performance Outcomes

<table>
<thead>
<tr>
<th>Indicators</th>
<th>Improvements</th>
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</thead>
<tbody>
<tr>
<td>Impact on Market Share</td>
<td>3%</td>
</tr>
<tr>
<td>Impact on Surgical Volume</td>
<td>22%</td>
</tr>
<tr>
<td>Impact on Net Income</td>
<td>$8 million</td>
</tr>
<tr>
<td>L.O.S. Decrease</td>
<td>11%</td>
</tr>
</tbody>
</table>

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SURGICAL HOME

- Coordinated method for managing patients
  - Prior to surgery
  - During hospital stay
  - Discharge
- Critical Components
  - Surgeon commitment
  - Anesthesia / Hospitalist
How to Get Started

• Identify a champion who can secure organization commitment to focus on measurable quality outcomes
• Transform Governance
  – Medical Director(s)
  – Daily Huddle
• Assemble information to measure performance
• Upgrade PAT
• Consider surgical home for complicated surgery

For questions or comments, please contact:

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