



FREE MARKET

MEDICAL ASSOCIATION

Hyatt Regency | Dallas, TX
April 11 – 13, 2019



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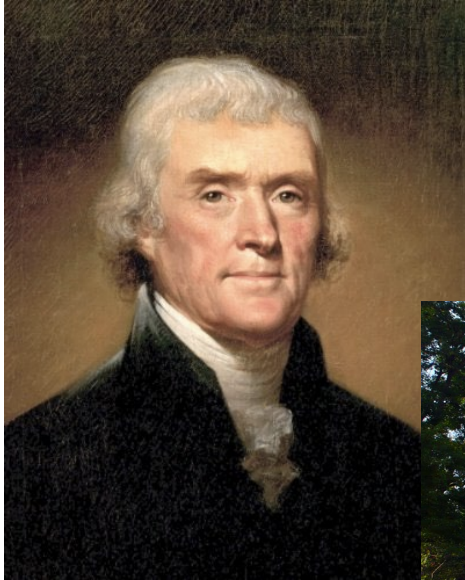


Bundled Payment Models in Healthcare

Past, Present and Future

Richard Kube, MD
William Grant, MD
April 13, 2019

Charlottesville, VA



Bundled Case Pricing

Past-

- MCSC story
- Free Market disruptive forces
- Bundled Pricing is a step taken back towards a Free Market

Present-

- Bundled Pricing at Monticello Community Surgery Center
- Bundled Pricing at Prairie Spine and Pain Institute

Future-

- Tracking and Refining the Bundled Approach
- Marketing Bundled Pricing

Charlottesville

- Population: 45,000
Charlottesville: 100,000
including surrounding county
- 2 Health Systems in Market
- Only ASC in Market
- High Percentage of Employed Physicians
- UVA- Largest Employer



Monticello Community Surgery Center

- 2000- Explore Hospital/Physician venture
- 2003- 50/50 Partnership, Center opening
- 2010- Hospital Merger/Consolidation
- 2012- Physicians remain independent, develop new location/Center
- March 2014- New Center opening



MCSC Transparent Approach

- Oklahoma- Keith Smith, MD
- 2012 conversation: Healthcare failing, departure from Free Markets
- ObamaCare was law
- Healthcare cost more for the majority to save little for few
- Unsustainable...





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Decision

Free Market Disruptive Forces- Past



- 1940's: Employer Healthcare Benefits, WWII
- 1965: The Great Society, Medicare and Medicaid
- 1973: HMO Act of 1973
- 2010: Obamacare

Consequences:

- **Patient-Physician Relationship**
- Managed Care led to...
- ... indirect practice of medicine
- High Cost, Cost Shifting
- Fed and State regulations
- Certificate of Need
- Lack of Transparency



Insurance-Hospital Cartel


- Facilitated by Lack of Transparency
- Giant Hospital Bill -
 - Hospitals Benefit
 - Uncompensated Care
 - Giant and Uncollectable
 - Insurance Companies Benefit
 - Higher cost means greater profit
 - Individuals forced into larger insured groups
 - PPO repricing revenues



Healthcare Pricing- Current and Future

- Current-
 - Chargemaster
 - Line item
- Future-
 - Packaged/Bundled value oriented fees
 - Price comparison becomes possible
 - Initial Inclusion of the primary parties
- SCO Model- 2009





Creating Bundled Case Pricing- Present

Monticello Community Surgery Center

Organization Readiness

- Philosophy, Infrastructure
- Alignment of stakeholder Interests
 - Surgeon
 - Anesthesia
 - Facility
- Infrastructure
 - Cost accounting
 - Review existing contracts



What to Bundle

- Types of Procedures
 - Higher volume cases, manage costs
- What to include
 - Pre-op consult?
 - Surgical services, implants/specialty products, labs, DME
 - Postoperative care, format, duration



**KEEP
CALM
AND
BUNDLE
UP**

Associated Considerations

- Coordination of information flow
- Fee collection-
 - Pre-operative- avoid collection issues
 - At point-of-service?
- How to deal with complications
 - Immediate perioperative
 - Delayed complications, patient out of town



Pricing the Bundle, Cost Components:

- Anesthesia- Time-based uniform rate
- Surgeon-
 - Current third payor market
 - ASC Ownership alignment
 - Surgical time and risk
- Facility-
 - Know Direct and Indirect costs- utilize cost reporting
 - Set targeted profit margins
 - For general template- fee ratio.
- Review Bundle for market competitiveness
- Publish the fees online
- Evaluate





Creating Bundled Case Pricing- Present

Prairie Spine and Pain Institute

Getting Started

Lemonade stand

- Cost analysis
- benchmarking

Compliance

- Know your state
- Medicare
- Group contracts
- Subcontractors



I Bundled. Now What?

Richard A. Kube II, MD, FACSS, FAAOS

Considerations

- Know your state
- Know your contracts
- Know your outcomes
- Know your audience

Translators

Prairie SurgiCare	EXHIBIT A			
Taxonomy Code	Procedure Name	Standard Bundle Includes	Commonly associated with the following CPT codes	Advance Payment
PSC24	Spinal Fusion (Cervical) 1 Level Anterior Approach	Surgery for anterior fusion of the cervical spine (one level), including all costs associated with surgeon(s); facility charges; anesthesia; implants; supplies and drugs necessary during surgery and until discharge; pathology as needed and routine post operative care until discharge.	22551, 22845, 22853, 20930, 76000	\$ 24,100.00
PSC30	Spinal Fusion (Cervical) 2 Level Anterior Approach	Surgery for anterior fusion of the cervical spine (two level), including all costs associated with surgeon(s); facility charges; anesthesia; implants; supplies and drugs necessary during surgery and until discharge; pathology as needed and routine post operative care until discharge.	22551, 22552, 22845, 22853x2, 20930, 76000	\$ 27,700.00
PSC30 X3	Spinal Fusion (Cervical) 3 Level Anterior Approach	Surgery for anterior fusion of the cervical spine (three level), including all costs associated with surgeon(s); facility charges; anesthesia; implants; supplies and drugs necessary during surgery and until discharge; pathology as needed and routine post operative care until discharge.	22551, 22552x3, 22846, 22853x3, 20930, 76000	\$ 30,000.00
PSC37	Total Disc Replacement (Cervical) 1 Level	Surgery for Total replacement of cervical disc with artificial disc (one level), including all costs associated with surgeon(s); facility charges; anesthesia; implants; supplies and drugs necessary during surgery and until discharge; pathology as needed and routine post operative care until discharge.	22856, 76000	\$ 29,400.00
PSC37 X2	Total Disc Replacement (Cervical) 2 Level	Surgery for Total replacement of cervical disc with artificial disc (two level), including all costs associated with surgeon(s); facility charges; anesthesia; implants; supplies and drugs necessary during surgery and until discharge; pathology as needed and routine post operative care until discharge.	22856, 22858, 76000	\$ 38,700.00
PSC37 X3	Total Disc Replacement (Cervical) 3 Level	Surgery for Total replacement of cervical disc with artificial disc (three level), including all costs associated with surgeon(s); facility charges; anesthesia; implants; supplies and drugs necessary during surgery and until discharge; pathology as needed and routine post operative care until discharge.	22856, 22858x2, 76000	\$ 47,100.00

Tools

- Single case contract

SINGLE CASE AGREEMENT	
Patient Name	Date
Plan Sponsor	Patient Account #
Claim #	Authorization #
Street Address	City, ST, Zip Code
	<u>Prairie SurgiCare, LLC /NPI: 1336408038</u>
Employer Name	Facility Name/NPI #
Global Fee: _____	Global Bundle Code: _____
Procedure Name: _____	
Commonly Associated CPT Codes: _____	
Standard Bundle Includes: _____	

<p>Plan Sponsor shall pay the Global Fee listed above to Prairie SurgiCare, LLC for the Procedure to be provided to the Patient listed above. The Global Fee shall be complete payment for all medical services provided to the Patient for the Procedure (Standard Bundle Inclusions listed above). Upon Plan Sponsor acceptance and execution of this Agreement, Prairie SurgiCare will arrange for the Procedure to be performed for the Patient. Plan Sponsor shall pay the entire Global Fee to Prairie SurgiCare, LLC two business days prior to the Procedure date or the Procedure shall be cancelled. Any changes to the listed Procedure must be submitted within two business days by Prairie Surgicare, LLC.</p> <p>The undersigned hereby accepts the provisions outlined in this Single Case Agreement.</p>	
PLAN SPONSOR	Prairie SurgiCare, LLC
By: _____	By: _____
Print Name: _____	Print Name: _____
Title: _____	Title: _____
Date: _____	Date: _____

Opportunities

- Track your savings/create data
- Free market networking
- Small business
- Unions
- Christian sharing plans