



**OLYMPIA
ORTHOPAEDIC
ASSOCIATES PLLC**



**Orthopaedic Alternative Payment Methods &
Strategies**

Oregon HFMA Spring 2017

www.olyortho.com

About Ben

- 25 years in healthcare
- Primarily hospital finance
- Moved to OOA in 2014 as CFO
- Became CEO March 2016

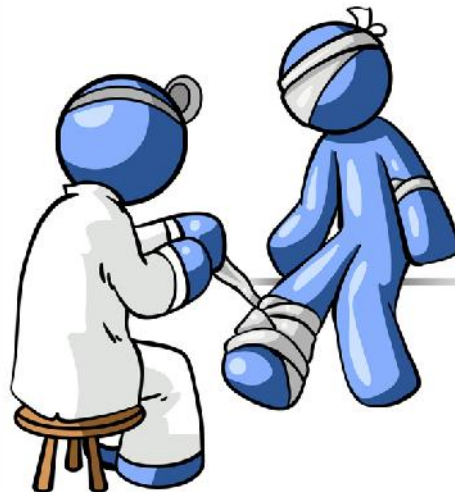


About Matt

- 11 years in healthcare
 - Health System Director of Contracting
- Primarily in health plan contracting
- Collaborating with Olympia Orthopaedics since 2016 on health plan strategy



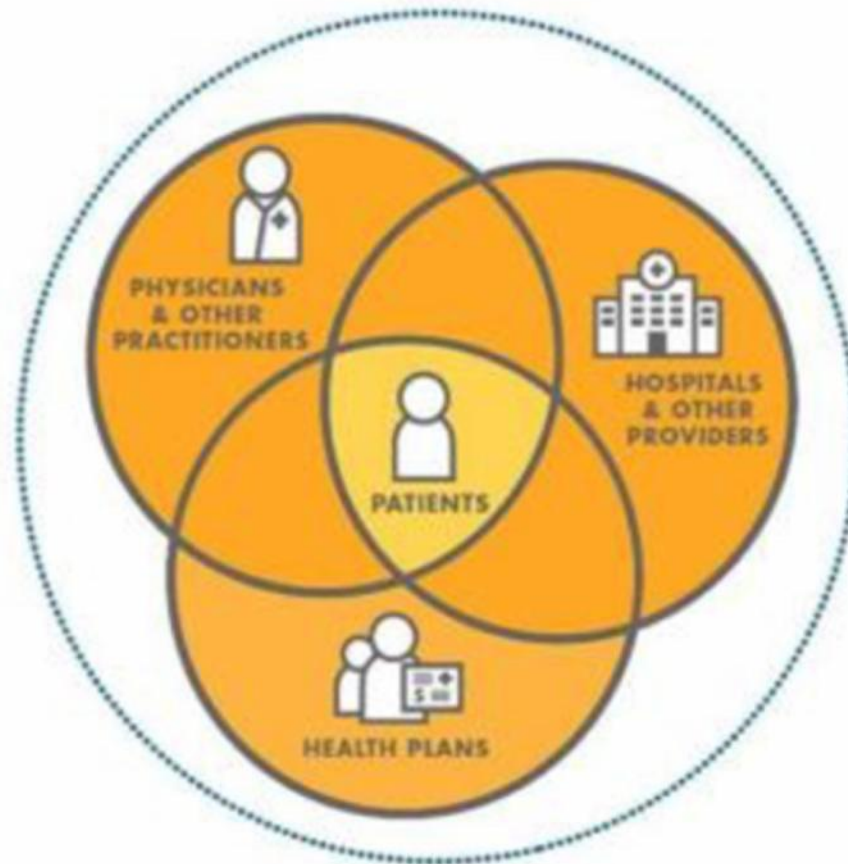
Healthcare Imperative



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Your Life in Motion

Three Circles - HFMA



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Your Life in Motion

Hospital Environment

- Consolidations
- Physician employment
- Bundles (from DRG to episode)
- Technology changes
- Shift to outpatient



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Payer Environment

- Public scrutiny
- Predictable costs
- Cost savings
- Operational challenges around P4P
- Demonstrate and reward value



Physician Environment

- Declining professional fees (i.e. RVUs)
- Increasing overhead
- Consolidation and/or employment
- Stay independent = Ancillaries & ASC



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About OOA

- Comprehensive musculoskeletal practice with 22 physicians and growing
- 3 clinic locations plus administration
- Joint replacements, foot and ankle, hand, neurosurgery, spine, sports medicine, shoulder – surgeons as well as non-surgeons
- MRI, therapy, orthopaedic urgent care, 6 ASC rooms



Payer landscape in WA

- Large commercial groups driving change
 - Washington HCA total knee replacements
- Payer incentives to shift volume away from hospitals
- Waiving Prior Authorization requirements



OOA Imperative

- Physician income flat or declining
- Strong desire for independence
- Strong desire to meet the needs of the community
- Excess capacity in a new ASC
- Capacity constraints at the hospitals



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Outpatient Joints & Spine

- March 2015 started performing outpatient total knees, total hips, and lumbar fusions
- Built 3, 23:59 rooms in case of overnight needs
- Developed protocols, built case management, and collected outcomes
- Transfer agreements with hospitals
- Significant training of staff
- Conversations with payers



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Initial Contracting

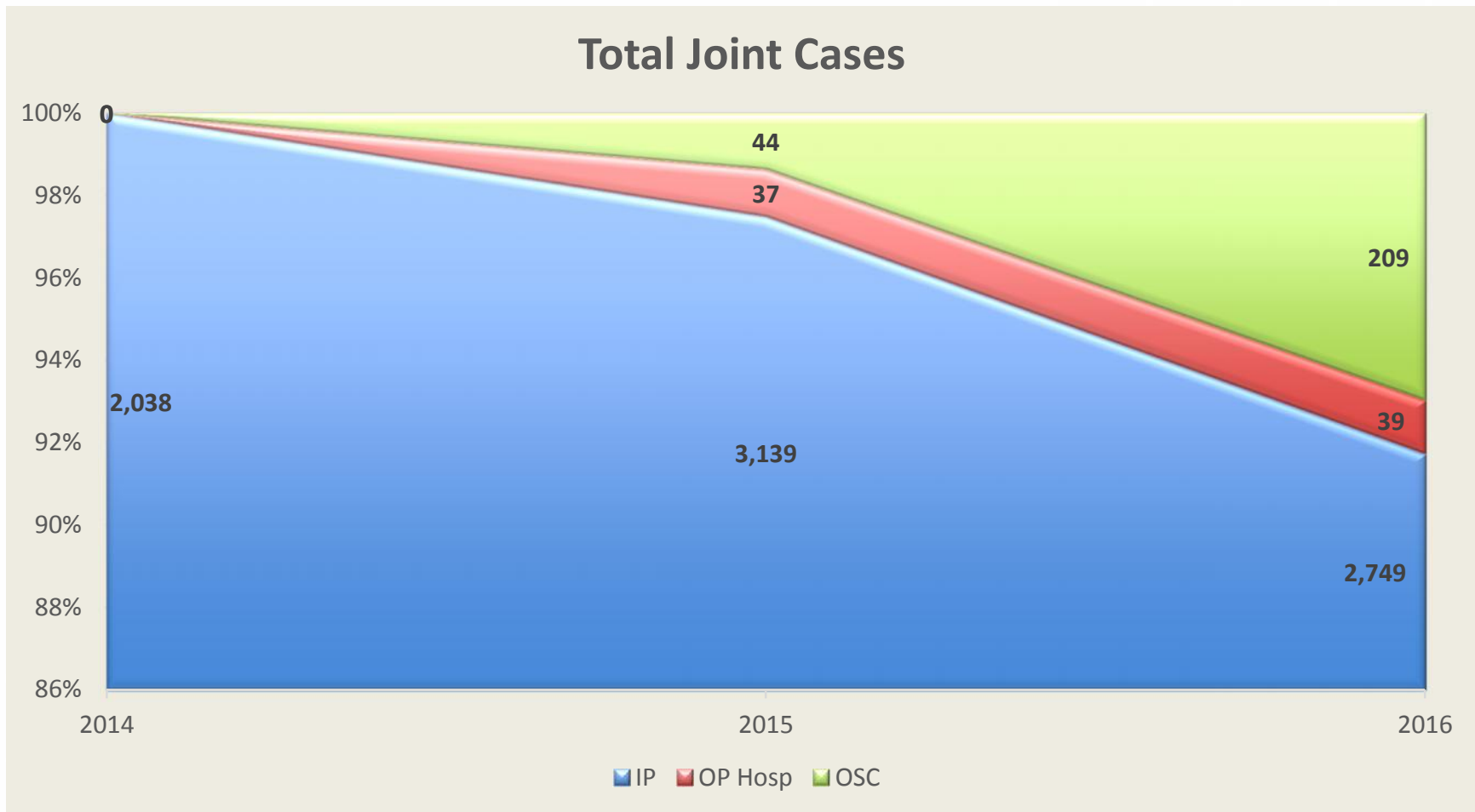
- Quality through physician to physician conversations
- AAAHC accreditation
- Case management approach
- Value proposition of lower cost surgeries at ASC
- Negotiated carve-out rates for total joint and spine procedures



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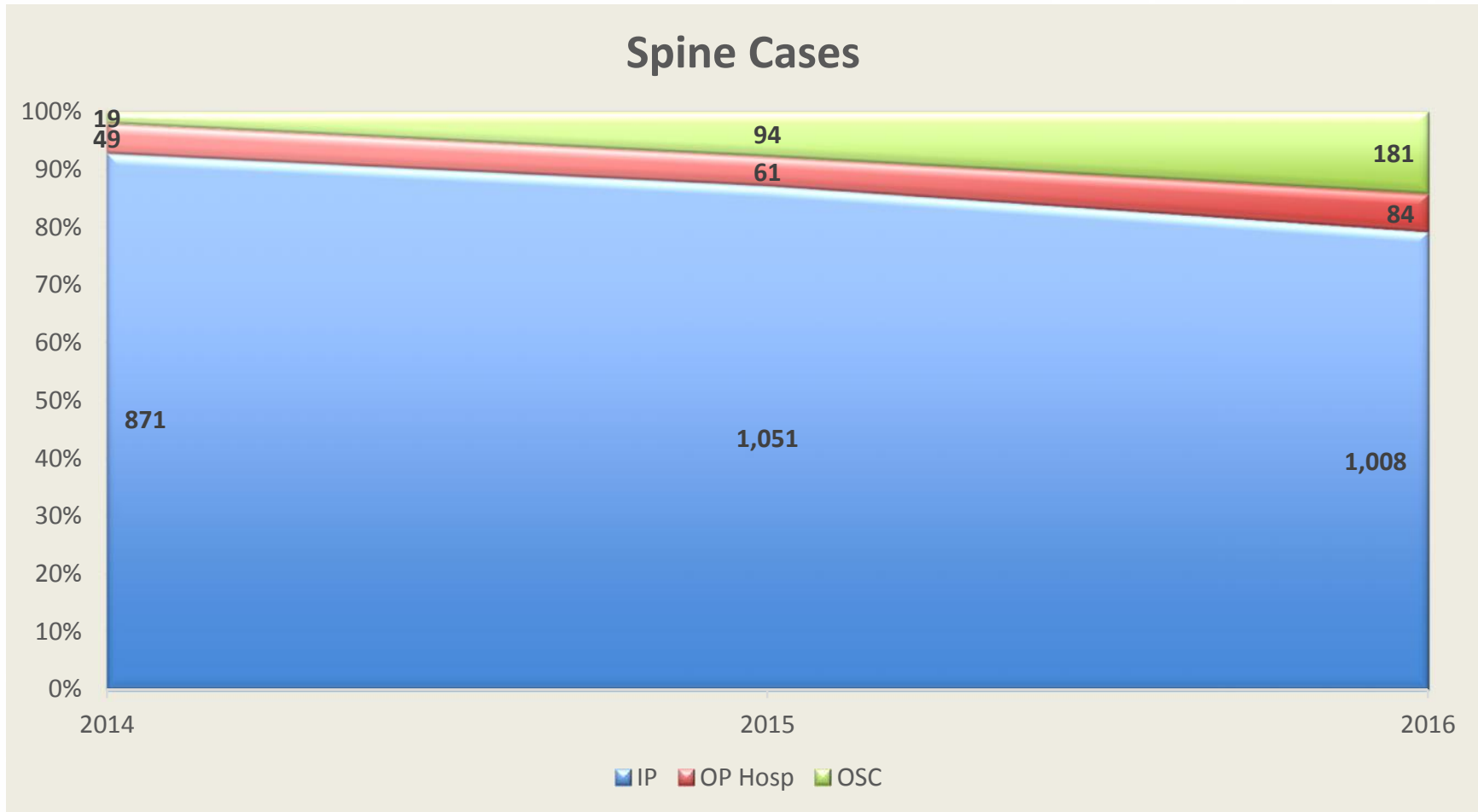
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Volume Trends

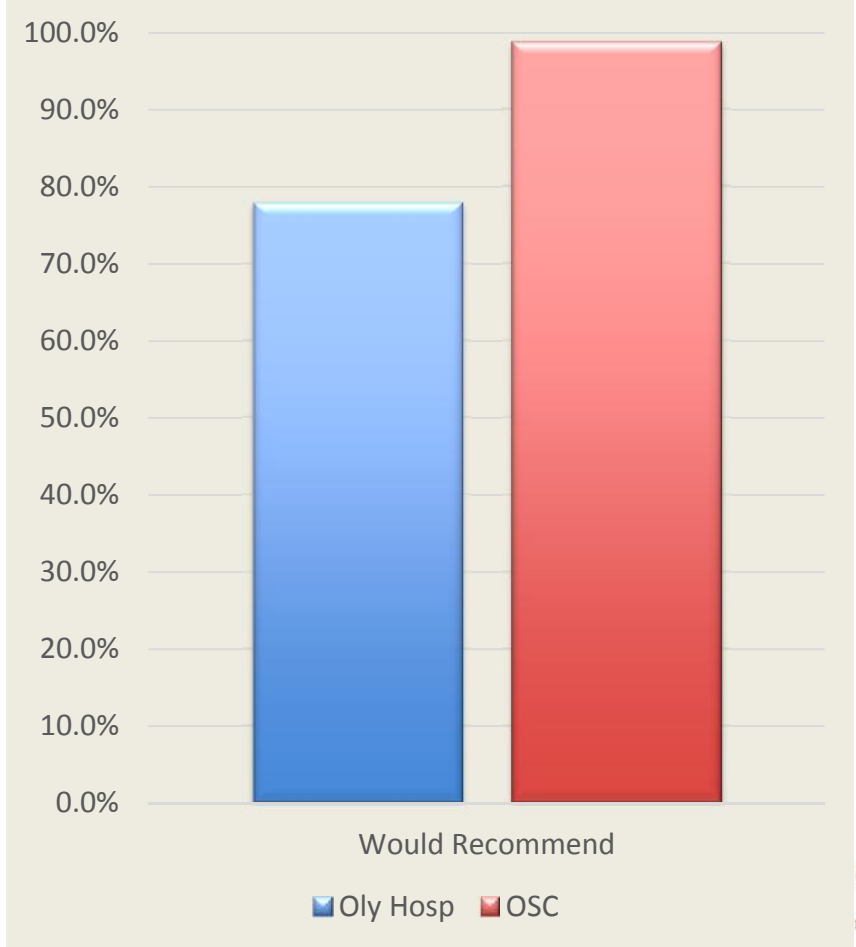
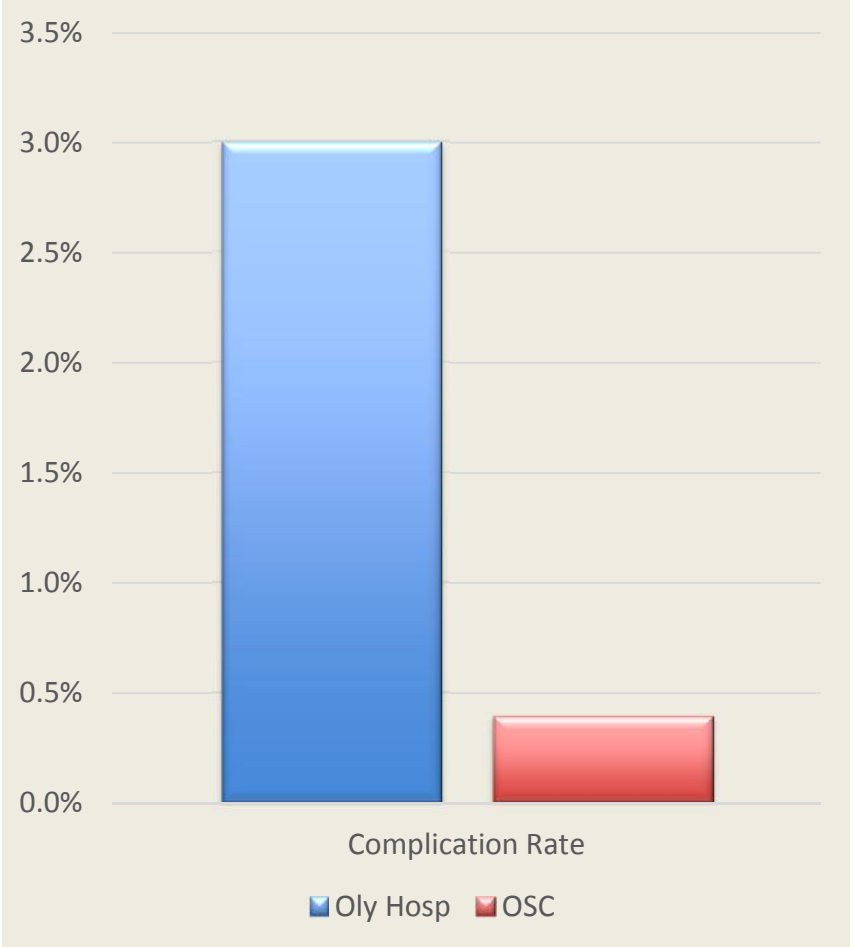


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Volume Trends



Quality & Service



Your Life in Motion

Moving From Fee for Service

- Augmenting device intensive case rates
 - Market analysis compared to hospital costs
 - DRG 470 (major joint replacement)
- Engage payers on quality, patient experience, and cost.
 - Case Rates => Quality Measures => Bundles



Moving From Fee for Service

- Fee for Service competitive pricing
 - Demonstrate savings that are 30-60% less than the hospitals
 - Focus on total joints (knee, shoulder, ankle, and hip)
 - Ancillary Services (DME, PT/OT, Urgent Care, and radiology)



Shifting to Value

- Partial payment being withheld
 - Volume shift
- No prior authorization requirements
 - Meeting 97-100% of health plan and nationally accepted orthopaedic clinical criteria.
- Partial Bundled Payments
 - ASC charge, Anesthesia, PT/OT inclusion



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Provider Recognition Program Statistics

Claims Incurred: 10/1/2015 to 9/30/2016

Medical Policy Review Outcomes			
	Total	Denied	Denial Rate
Knee Arthroscopy in Adults	111	2	1.8%
Knee Arthroplasty in Adults	91	3	3.3%
Total	202	5	2.5%

Claims Incurred: 1/1/2016 to 12/31/2016

Advanced Imaging Review Outcomes			
	Total	Denials	Denial Rate
CT/MRI Scans	967	38	3.9%
Echocardiograms	3	-	-
Nuclear Cardiology	-	-	-
PET Scans	1	1	100%
Total	971	39	4.0%



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Bree Collaborative

- Washington State widely adopted
- Fitness for surgery
- Shared decision making
- Care management
- Outcomes reporting
- Payor and location agnostic



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What About the Hospitals?



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Hospitals are Struggling

- Decreased joints and spines = \$\$\$
- Volume and acuity of medical patients increasing
 - Cancelling cases (that pay)
 - Running out of beds (due to cases that don't)
- Physicians are frustrated
- Margins are declining



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Hospitals are Necessary!

- Complex patients need inpatient surgery
- Health of our community depends on quality and thriving hospitals
- Look for win-win scenarios
- Physicians can bring value!



BPCI

- Physicians at risk
- Significant reduction in episode costs
 - Lower readmissions
 - Lower infections
 - Lower SNF days
 - Lower IP Rehab usage
- Lower costs help hospitals as well
 - Lower length of stay
 - Standardization of implants, costs



Co-Management

- Allows independent physicians to participate in cost and quality improvements
 - Hospital doesn't need to employ
 - Physicians can stay independent
- Incentivizes standardization and lower costs
- Leads to share bundles and risk



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Now is the Time

- Alternative payments aren't coming, they're here
- Race to own the bundle
- If you wait, you will be left behind



QUESTIONS?

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