Beyond the Day of Surgery: 
Demonstrating ASC Quality and Outcomes in the Age of Consumerism 

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Not only do we have a total cost of care problem, our outcomes are poorer for spending more.

Healthcare Spend

Life Expectancy

Expectancy vs. Healthcare Spend

OECD Countries, other than US

USA

1 OECD Health Data (through 2011)

2 OECD Health Data (2009 or nearest year)
Surgery spend is a large portion of total spend, yet remains under-addressed.

Average total cost of care for a commercially-insured patient

- **Surgery** $92
- **Medical & Other** $202
- **Outpatient & Office** $50
- **Inpatient** $28
- **Higher Cost Setting – Existing Outpatient** $35
- **Optimal Setting** $18
- **Higher Cost Setting: OP-Eligible IP** $10

$45 PMPM of addressable spend

1. Health Plan’s experience
2. $45 PMPM addressable includes both directly analyzed surgical cases as well as extrapolations to the remainder of outpatient eligible spend
Surgeons have not been part of the conversation

How Much Do Medical Implants Cost? Physicians Have No Idea!

How Much Does A New Hip Cost? Even Your Surgeon Doesn’t Know!

Source: Health Affairs Journal
Surgeons have not been incentivized to make the change

Knee Endoscopy

~$10.5K

Pre-op Fee

Post-op Fee

Facility Fee

Surgeon Fee

~$6.4K

Hospital¹

Independent ASC²

Surgeons paid the same, regardless

2. Independent ASC costs from SCA ECO figures 2015; SCA analytics/research
Commercial insurers and our patients are beginning to recognize the cost savings of outpatient surgery...

### Total savings per procedure for a BCBS patient

<table>
<thead>
<tr>
<th>Procedure</th>
<th>Savings per procedure ($k)</th>
<th>Patient out-of-pocket savings ($)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Hysterectomy</td>
<td>4.5</td>
<td>$500</td>
</tr>
<tr>
<td>Lumbar spine surgery</td>
<td>8.5</td>
<td>$300</td>
</tr>
<tr>
<td>Cholecystectomy</td>
<td>11.3</td>
<td>$900</td>
</tr>
<tr>
<td>Angioplasty</td>
<td>17.5</td>
<td>$1000</td>
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</table>

Source: BCBS Health of America Outpatient cost savings, Feb 2016
...but have continued to favor the inpatient setting over the ASC in rate increases

Procedure annual inflation rates, 2010-2014

Source: BCBS Health of America Outpatient cost savings, Feb 2016
Changing the equation: to grow, we must demonstrate value differently to our patients, physicians, and payers

Historically, our industry has focused here

\[ \text{Outcomes} - \text{Cost} = \text{Value} \]

In the future, we must demonstrate

- Patient-reported outcomes
- Engaging consumers on their terms
- Engaging consumers across the full episode of care

Will we be nimble enough to adapt?
Particularly important when the growth of tomorrow will not be like yesterday

ASC growth rate is declining

Growth driven by high complexity procedures

• 23 hour stays
• Total joints
• Complex Spine
• Vascular Surgery

Source: Medpac
As the complexity of our cases increases, we need to demonstrate proof of our outcomes (but we’re falling short).

**Triple Aim**

**Patient Experience**

- **NPS**: 96
- **Costco**: 71
- **Apple**: 71

**Quality and outcomes**

- **Total Cost of Rotator Cuff**
  - **ASC**: $6k
  - **HOPD**: $11k

**Cost**

- **Source**: Virginia Health Information (2012)

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*Today we show we did not make a mistake on the day of surgery*

*Is this what matters to patients and physicians?*

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*Source: Satmetrix 2012 Net Promoter® Benchmark Study of U.S. Consumers*
Saying you’re good does not mean you are good
Variation in outcomes exists, we just don’t measure it

• variation in bypass surgery mortality in the UK
• variation in complication rates from radical prostatectomies in the Netherlands
• variation in reoperation rates after hip surgery in Germany
• variation in mortality after colon cancer surgery in Sweden
• variation in capsule complications after cataract surgery in Sweden

Our lack of evidence outcomes disadvantages us relative to hospitals

Source: OECD, ICHOM
Example: New arthroplasty registries result in convergence of revision rates in three countries

Revision burden (%)


-21%

0.0 1.0 2.0 3.0 4.0 5.0 6.0 7.0 8.0 9.0 10.0 11.0 12.0 13.0 14.0 15.0 16.0 16.5

Sweden (well-established registry)¹
Denmark (registry started in 1995)²
Australia (registry started in 1999)³

1. SHAR annual reports 2. Denmark Joint Registry 3. Australian NJRR annual reports
Note: Revision burden is calculated as the number of revisions divided by the total primary and revision operations

“Sunshine is said to be the best of disinfectants”
Organizations like ICHOM are helping to define standards for measuring the 'outcomes that matter to patients'.

ICHOM facilitates a process with physician leaders and patient representatives to develop the Outcomes Minimum Standard Set.

Co-founders

Michael E. Porter, PhD
Harvard Business School

Stefan Larsson, MD, PhD
BCG, Stockholm

Martin Ingvar, MD, PhD
Former Dean of Research and Professor of Neurophysiology
The challenge of higher complexity cases: developing comparability to the hospital environment

ACS NSQIP has led to significant changes in quality in the inpatient environment

**ASC NSQIP Program**
- 350 participating hospitals
- Dedicated surgical nurse reviewer
- 135 clinical variables collected

**Key outcomes**
- 30-day morbidity
- Serious morbidity
- Surgical site infections
- Mortality

**Major challenges:**
- High overhead
- Dedicated resources
- Limited scalability

Note: O/E ratio = observed / expected
Example: NSQIP benchmarking of 30-day mortality

Overall 30-day mortality of observed vs expected ratios for participating NSQIP hospitals

What is the NSQIP equivalent appropriate for the ASC environment?

Note: O/E ratio = observed / expected
Everything is connected: Can engagement over the episode of care deliver superior outcomes?

More engaged patients have better and less expensive health outcomes

% survey respondents who were U.S. patients aged 50+ with at least one chronic condition:

- Readmitted to the hospital within 30 days of discharge: 13 Active, 28 Disengaged
- Experienced a medical error: 19 Active, 36 Disengaged
- Have poor care coordination between health care providers: 13 Active, 42 Disengaged
- Suffer a health consequence because of poor communication among providers: 13 Active, 49 Disengaged

. AARP & you "Beyond 50.09: Chronic Care: A call to action for health reform";
How do we engage our patients in the way they want (and our patients do want more)

**Price transparency**
- Increased push for price transparency
- High deductible plans are increasingly prevalent
- Expect physicians to inform patients of costs in treatment decisions

**An on-demand, retail experience**
- Self-service information via text, chat, phone, app
- Seamless hand-offs of information between the clinic and the surgery center

**Easily accessible quality providers**
- Digitally accessible healthcare provider
- Transparency in performance (And they are letting us know via their reviews)
High deductible health plans are here to stay incentivizing patients to search for low cost solutions.

25% of commercially insured patients have a high deductible plan.

16% of consumers access online healthcare cost info.

% of workers with high deductible plan:
- 2006: 3%
- 2008: 4%
- 2010: 5%
- 2012: 6%
- 2014: 24%

% of workers using online cost info:
- Millennials (19-33): 27%
- Gen X (34-50): 20%
- Overall: 16%
- Boomers (51-69): 8%
- Seniors (70+): 5%

Friend or foe: price transparency will increase

Public sector pushing transparency

CMS released data on average charges¹:
- 100 common inpatient procedures
- 30 common outpatient procedures
- Medicare spending data at the county level

33 states have enacted legislation related to health care price disclosure²

The private sector following quickly

- Cost estimates for common services
- Takes into account user's plan, remaining deductible
- Offer a cost estimator tool that reports prices for individual elements of an episode of care
- Price estimator allows patients to see contracted fees for individual providers
- Also shows patients physician metrics for quality and efficiency standards

1. CMS press release (6/3/2013) "Secure health data helping patients, doctors improve care and health"; 2. NCSL.org "State and federal actions related to transparency and disclosure of health charges and provider payments" (2013)
Believe the hype: your patients are online and are comfortable with digital media

Your patients are online...

% of US Healthcare consumers

- Cell phone: 97, 93, 97, 88, 74
- Internet access: 97, 86, 79, 57, 27

70% of our patients < 65 y.o.

…and use the internet for health info\(^1\)

% of smartphone owners

- Get info on a health condition: 62
- Do online banking: 57
- Lookup real estate listings: 44
- Lookup info about a job: 43
- Get educational content: 30
- Apply for a job: 18

Sources: Pew Research Center,

(... and I know you think your patients are different)
Patients want easy access to their physicians, health information, and cost data

E-access to MDs

Communicated with a doctor via text, email, or secure message

Health data

% of patients using technology to access and store health records

Total cost info

% of patients

Notes:
Source: Deloitte 2015 consumer engagement in healthcare
## Where SCA is going

### Achieving the “Triple Aim”

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<tr>
<th>Improve patient experience</th>
<th>From...</th>
<th>To...</th>
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<tbody>
<tr>
<td>Day of surgery</td>
<td></td>
<td>Episode of care</td>
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<th>Provide high quality outcomes</th>
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<td>NQF measures</td>
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<td>Outcomes that matter</td>
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<td>Value-based contracting</td>
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SCA is expanding its role to support our patients and physicians across the full episode of care.

Episode of care

- **Pre-Op**
  - Seamless patient experience from MD office to ASC

- **Day of Surgery**
  - Delivery of highest care and quality of service

- **Early Post-Op**
  - Patient-MD feedback to limit complications and unnecessary admissions

- **Late Post-Op**
  - Broader capture of outcome measures to feedback to key stakeholders

Integrated technology platform that enables interaction with patients and performance reporting to physicians and payers.
We are proving our clinical impact especially in the most complex procedures – total joints and complex spine

Demonstrate our clinical performance by collecting the outcomes that matter

- Acute Complications
- Unplanned utilization
- Patient Health Status
- Patient Satisfaction

The right thing to do and it supports our business

- Serving our patients
- Deepening our physician partnerships
- Securing fair rates from payers
THANK YOU