

Beyond the Day of Surgery:

Demonstrating ASC Quality and Outcomes in the Age of Consumerism

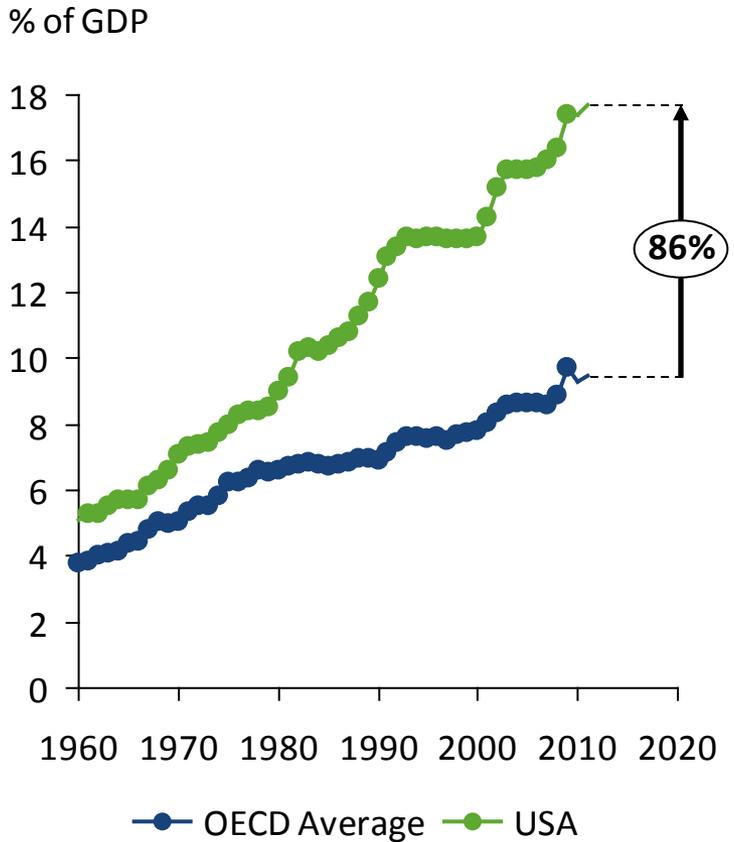
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Regional Vice President, Surgical Care Affiliates



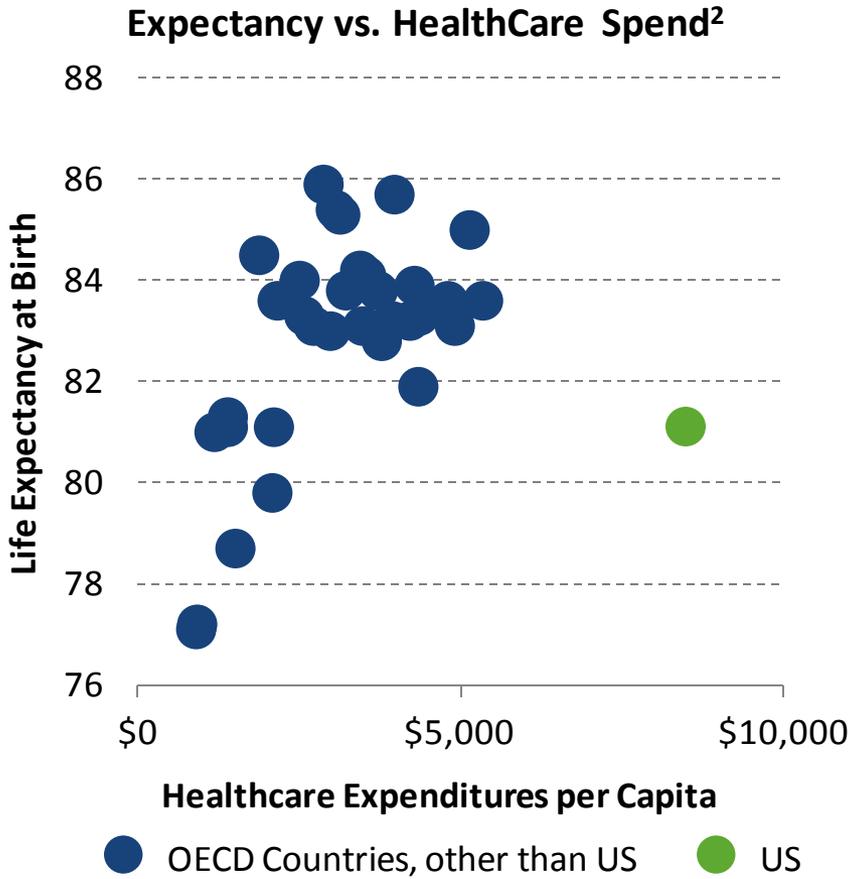
Not only do we have a total cost of care problem, our outcomes are poorer for spending more

Healthcare Spend



1 OECD Health Data (through 2011)

Life Expectancy

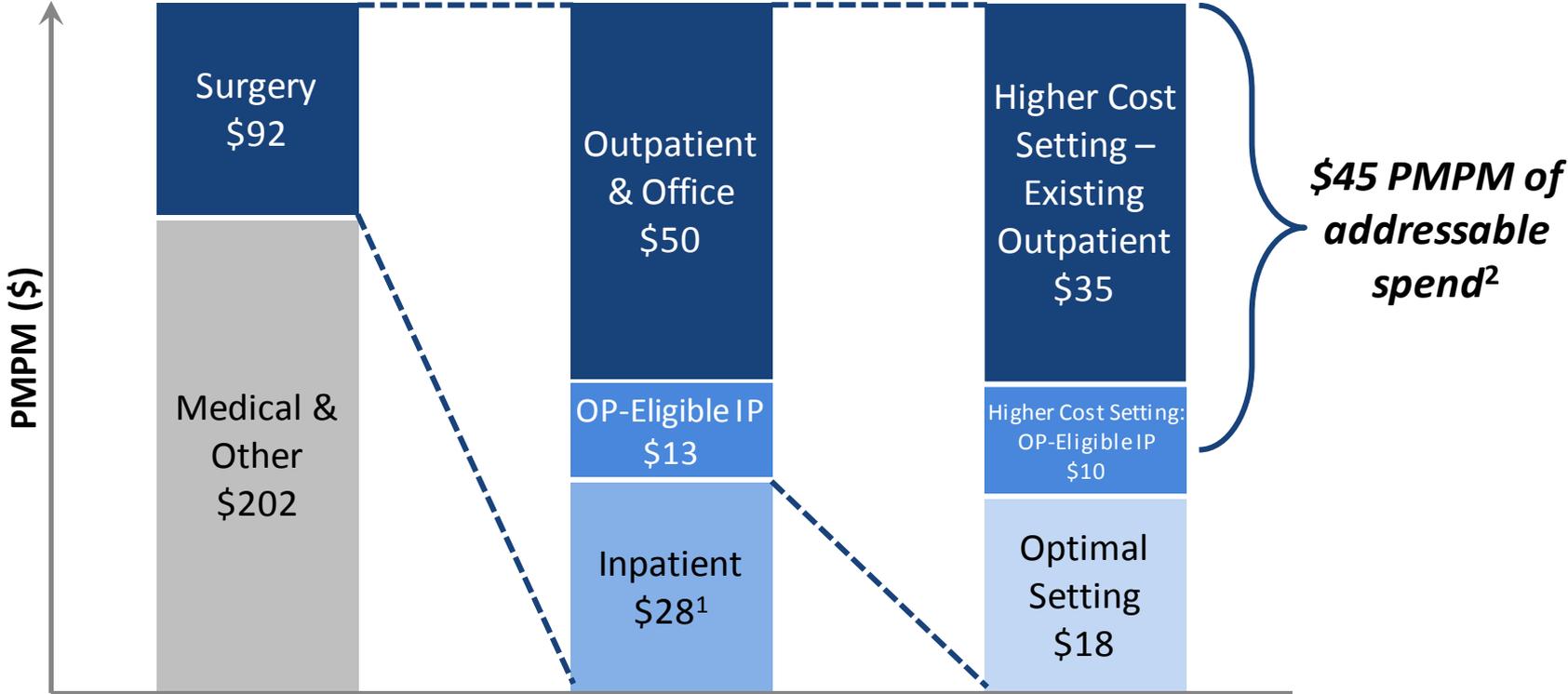


2 OECD Health Data (2009 or nearest year)



Surgery spend is a large portion of total spend, yet remains under-addressed

Average total cost of care for a commercially-insured patient



- 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!**

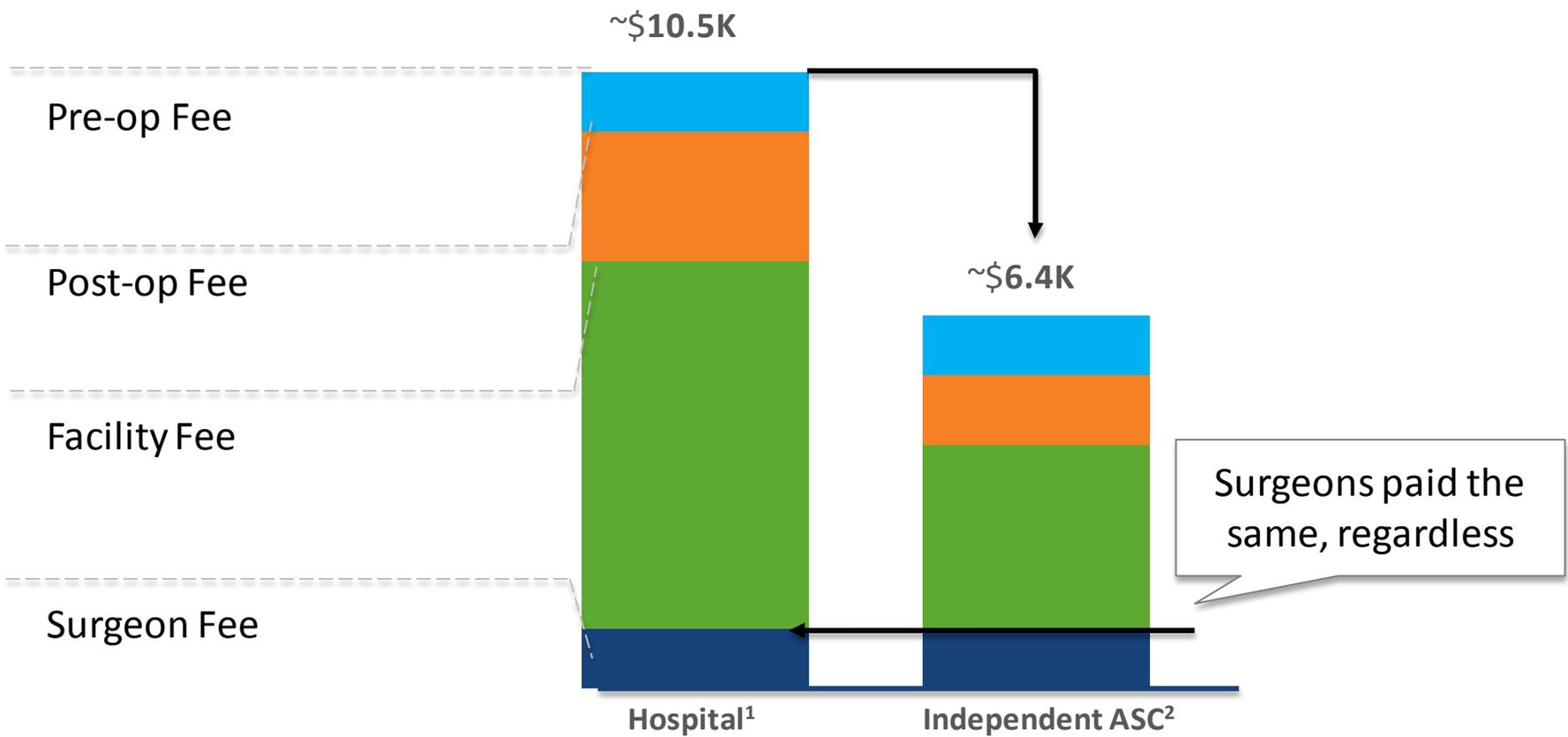
**How Much Does A New Hip Cost?
Even Your Surgeon Doesn't Know!**

Source: *Health Affairs Journal*



Surgeons have not been incentivized to make the change

Knee Endoscopy



1. Hospital cost estimates from healthcare blue book: https://healthcarebluebook.com/page_ProcedureDetails.aspx?id=39&dataset=MD

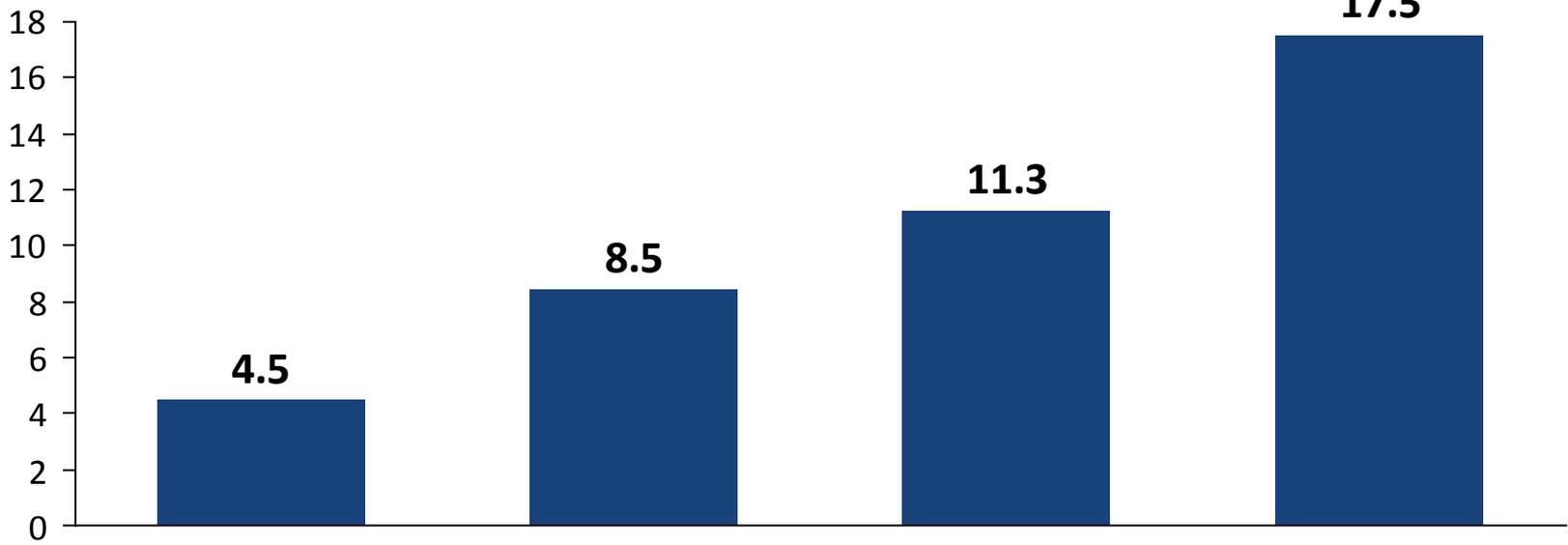
2. Independent ASC costs from SCA ECO figures 2015; SCA analytics/ research



Commercial insurers and our patients are beginning to recognize the cost savings of outpatient surgery...

Total savings per procedure for a BCBS patient

Savings per procedure (\$k)



Hysterectomy

Lumbar spine surgery

Cholecystectomy

Angioplasty

Patient out-of-pocket savings (\$)

\$500

\$300

\$900

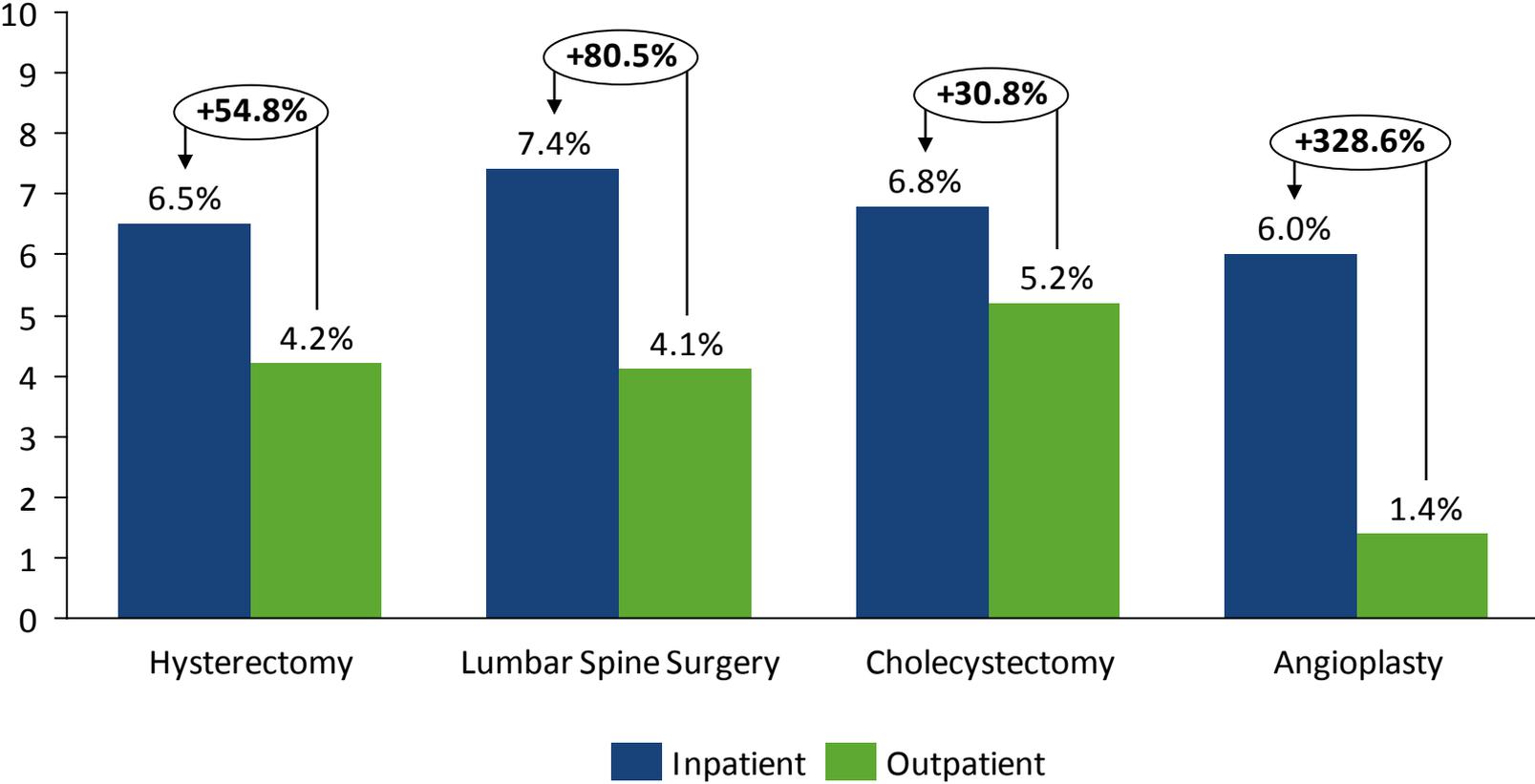
\$1000

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

Outcomes

Cost

=

Value

- In the future, we must demonstrate
- Patient-reported outcomes
 - Engaging consumers on their terms
 - Engaging consumers across the full episode of care

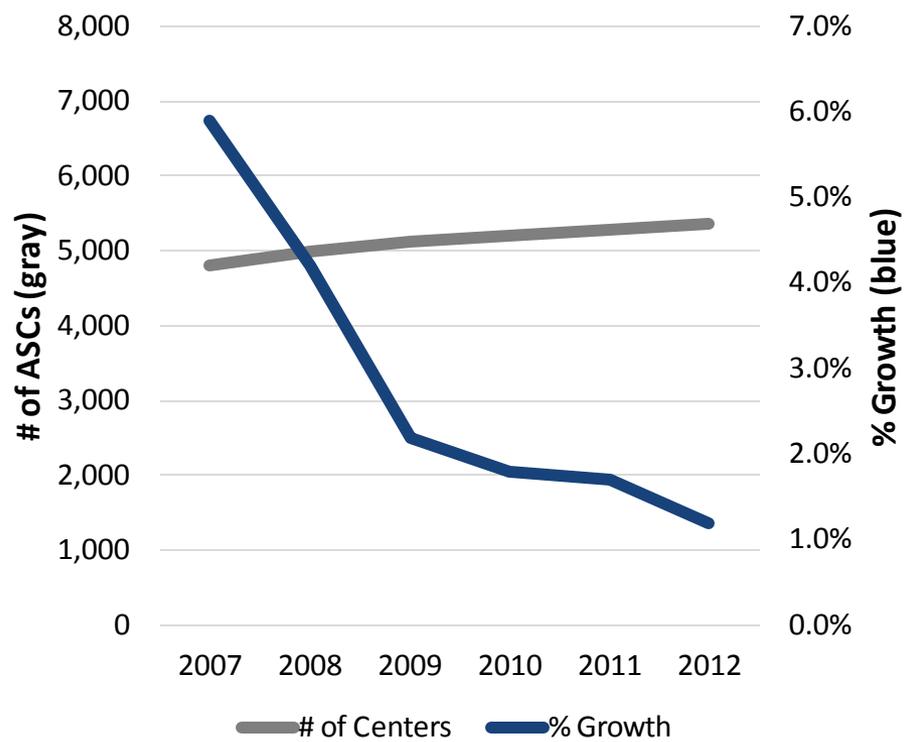
Will we be nimble enough to adapt?

Particularly important when the growth of tomorrow will not be like yesterday

ASC growth rate is declining

Growth driven by high complexity procedures

of ASCs and % Increase



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

Source: Medpac



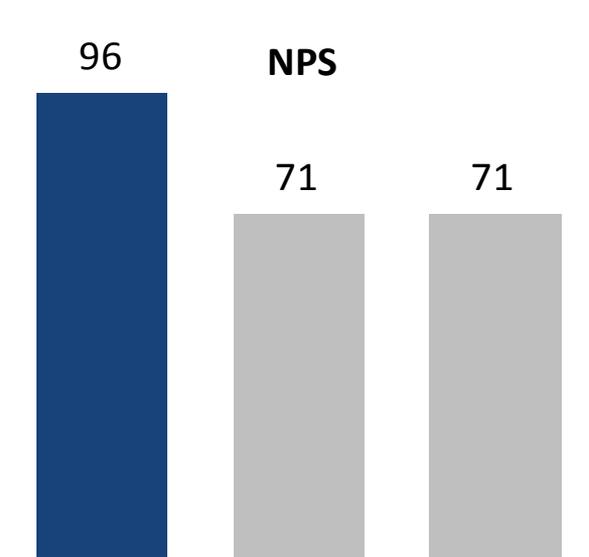
As the complexity of our cases increases, we need to demonstrate proof of our outcomes (but we're falling short)

Triple Aim

Patient Experience

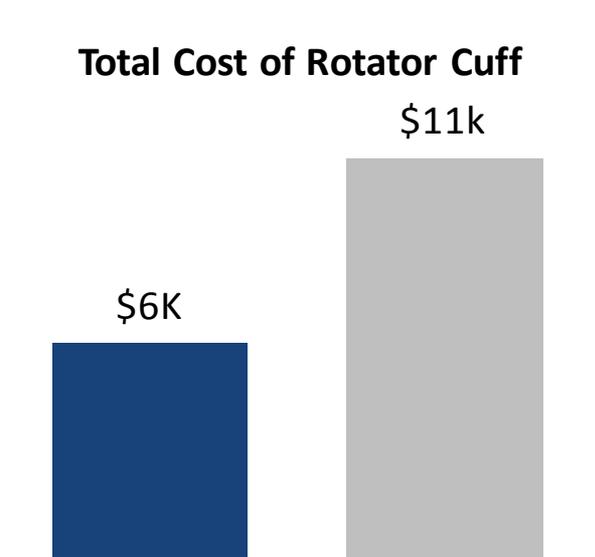
Quality and outcomes

Cost



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

Is this what matters to patients and physicians?



Patient Costco Apple
Source: Satmetrix 2012 Net Promoter®
Benchmark Study of U.S. Consumers

ASC HOPD
Source: Virginia Health Information (2012)



Saying you're good does not mean you are good

Variation in outcomes exists, we just don't measure it

-
- 4x** • variation in bypass surgery mortality in the UK 
- 9x** • variation in complication rates from radical prostatectomies in the Netherlands 
- 18x** • variation in reoperation rates after hip surgery in Germany 
- 20x** • variation in mortality after colon cancer surgery in Sweden 
- 36x** • variation in capsule complications after cataract surgery in Sweden 

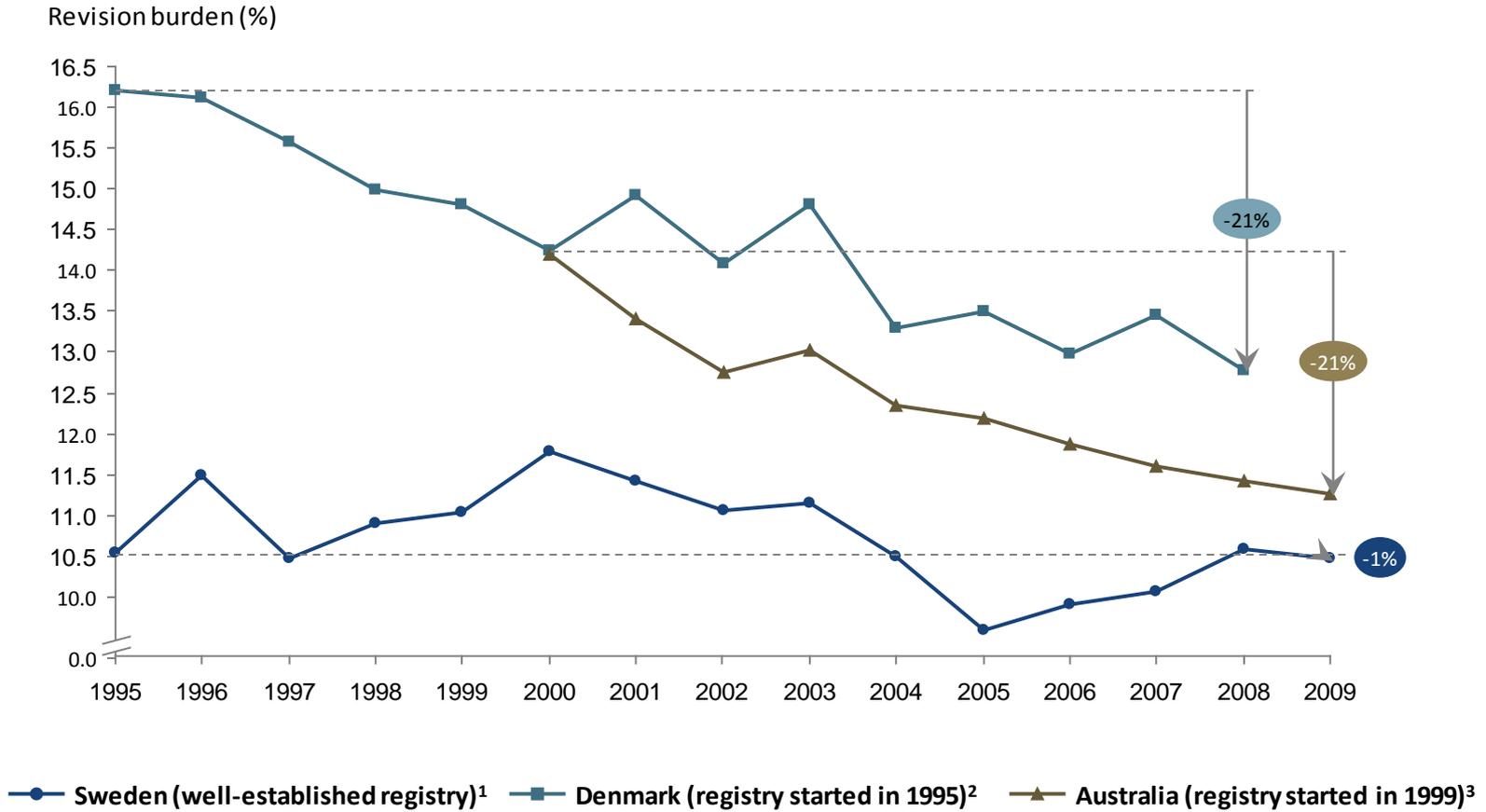
Our lack of evidence outcomes disadvantages us relative to hospitals

Source: OECD, ICHOM



“Sunshine is said to be the best of disinfectants”

Example: New arthroplasty registries result in convergence of revision rates in three countries



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



Organizations like ICHOM are helping to define standards for measuring the 'outcomes that matter to patients'



Physician leaders



Patient representatives



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

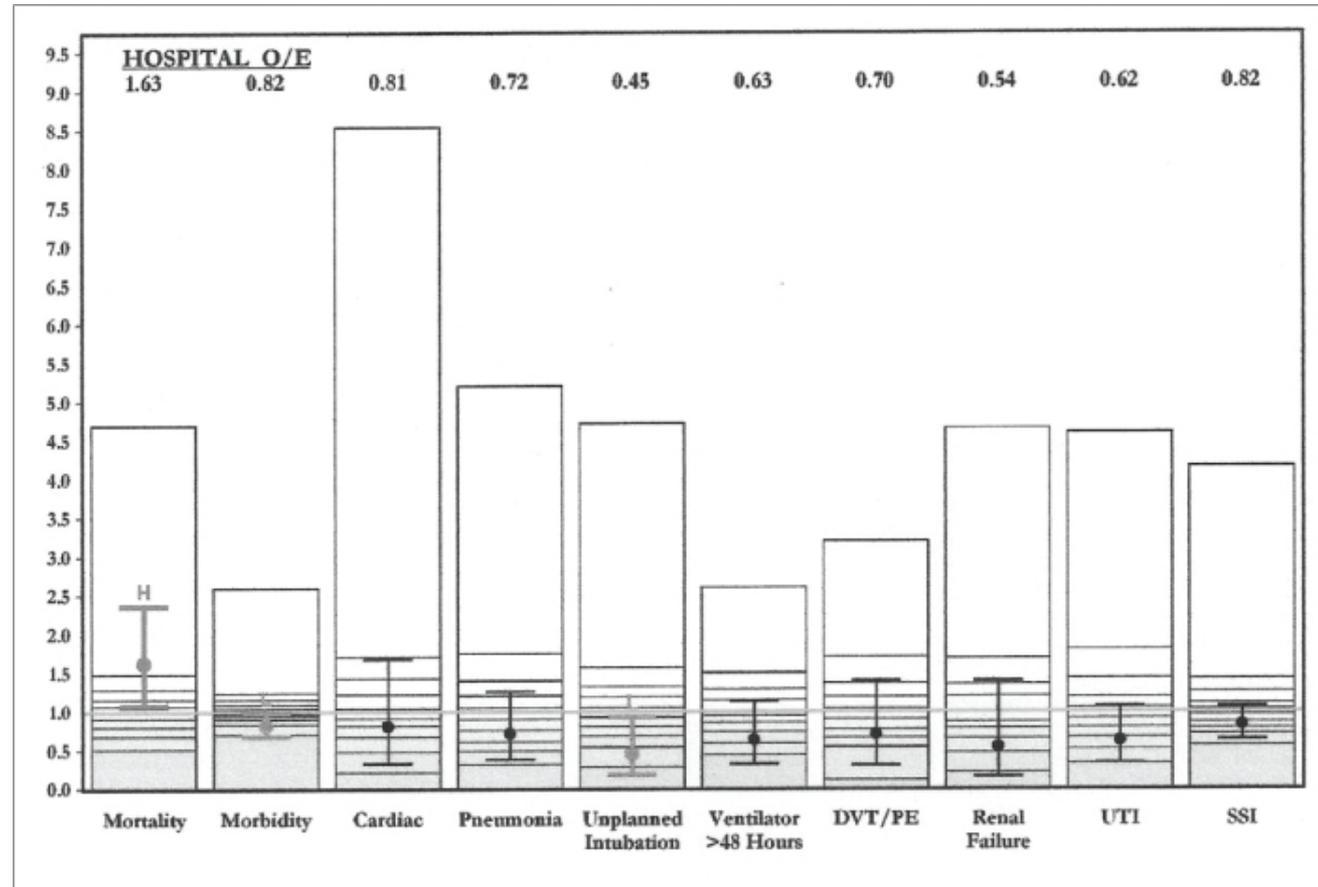
- 350 participating hospitals
- Dedicated surgical nurse reviewer
- 135 clinical variables collected

Key outcomes

- 30-day morbidity
- Serious morbidity
- Surgical site infections
- Mortality

Major challenges:

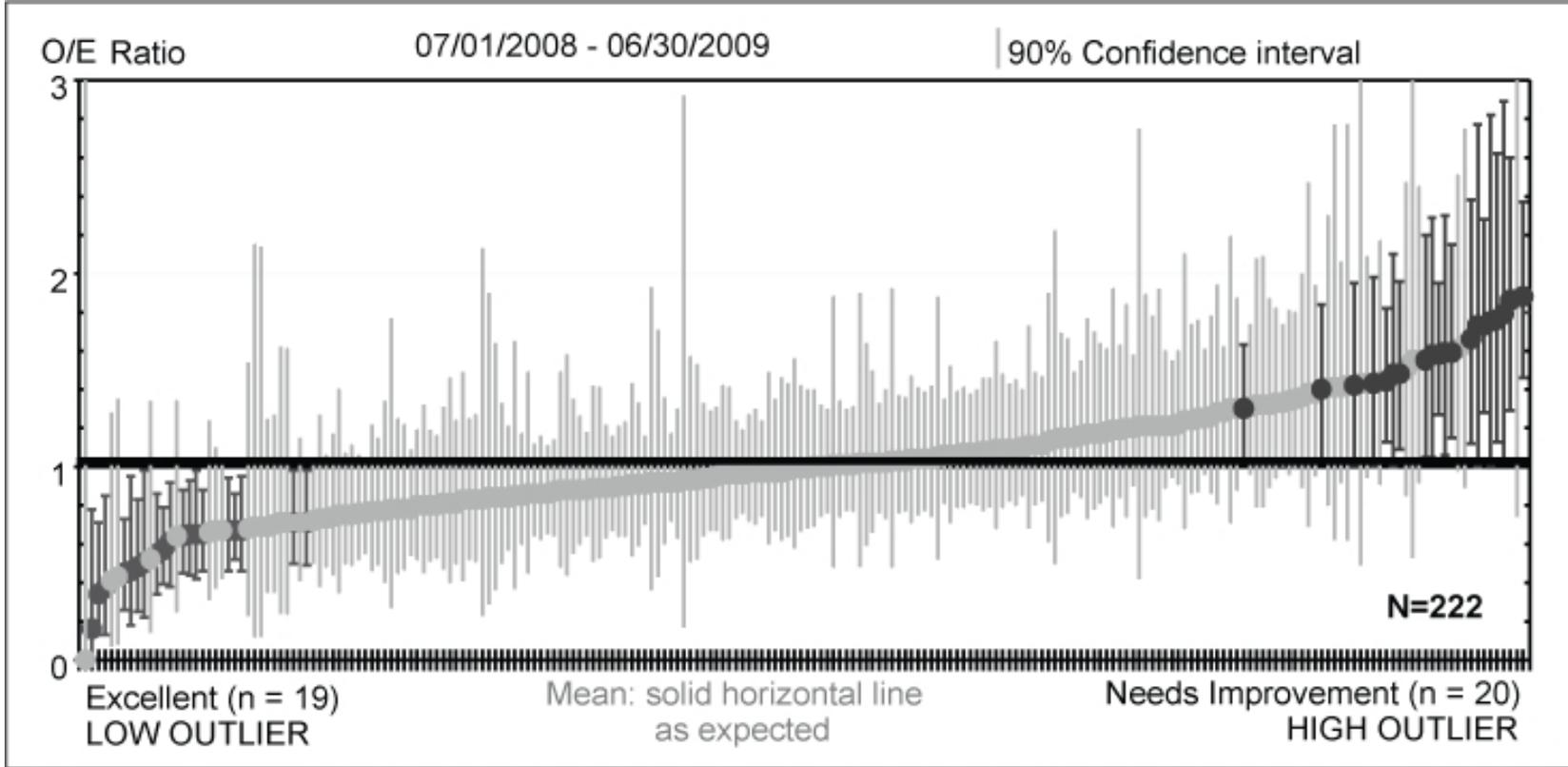
- High overhead
- Dedicated resources
- Limited scalability



Note: O/E ratio = observed / expected
Source: Perm J. 2012 Winter; 16(1): 39-45.

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?

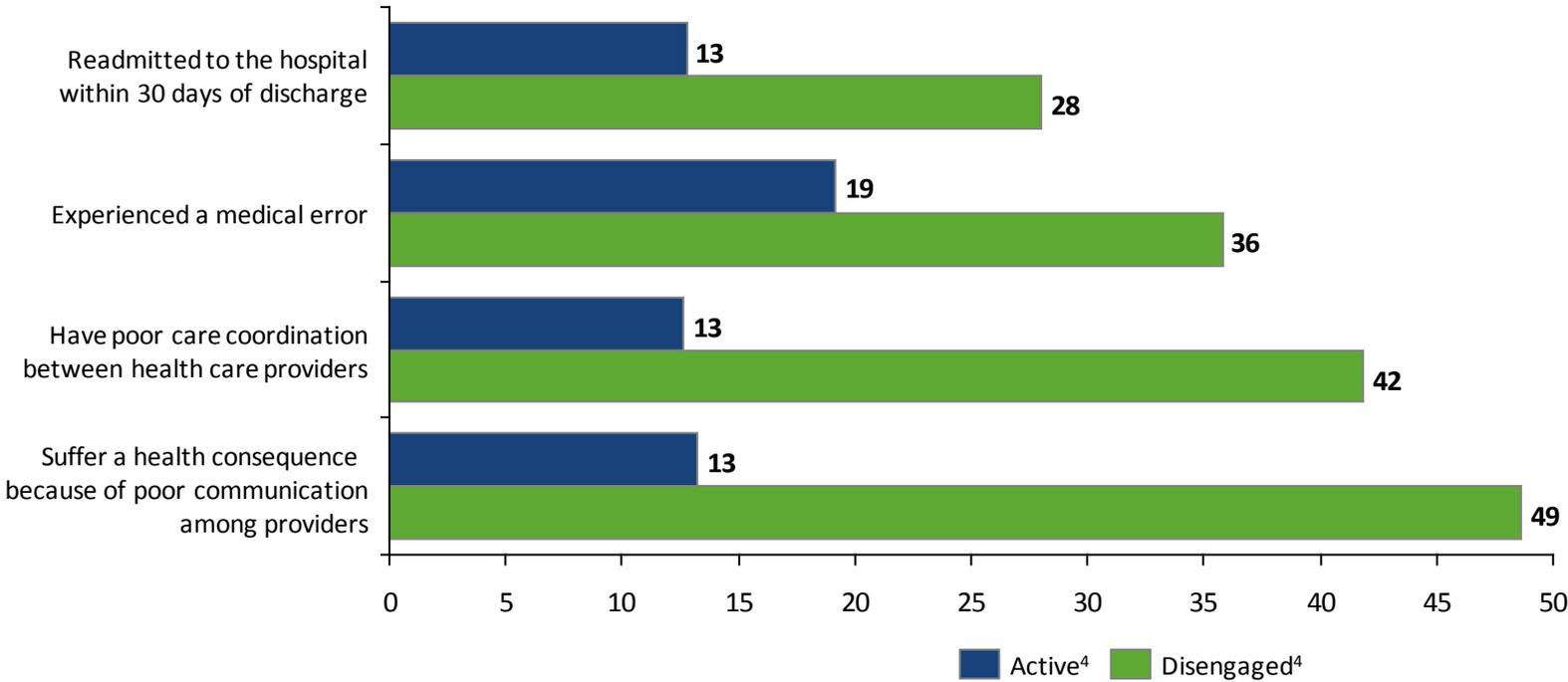
Note: O/E ratio = observed / expected
Source: Perm J. 2012 Winter; 16(1): 39-45.



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 condition³



. 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

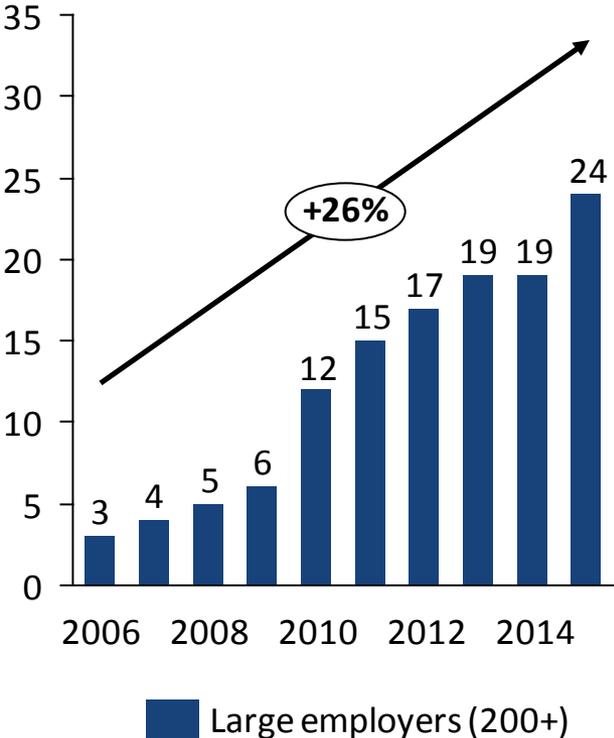
- Digitally accessible healthcare provider
- Transparency in performance (And they are letting us know via their reviews)

High deductible health plans are here to stay incentivizing patients to search for low cost solutions

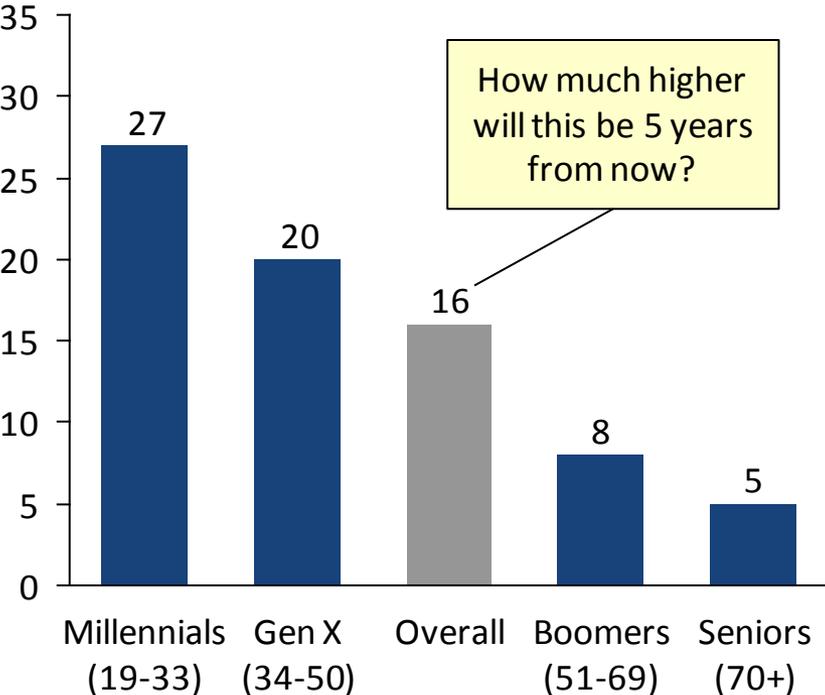
25% of commercially insured patients have a high deductible plan

16% of consumers access online healthcare cost info

% of workers with high deductible plan



% of workers using online cost info



Source: KFF 2015 Employer health benefits survey, Deloitte 2015 Consumer Engagement in healthcare



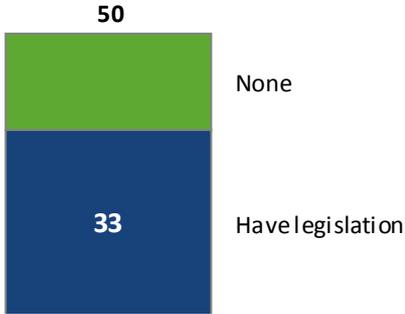
Friend or foe: price transparency will increase

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



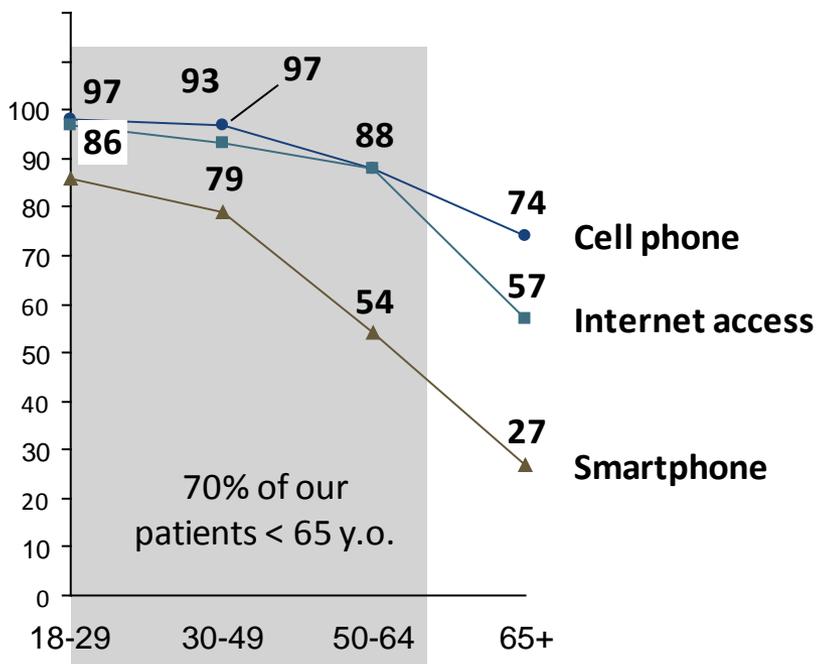
- Price estimator allows patients to see contracted fees for individual providers
- Also shows patients physician metrics for quality and efficiency standards

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

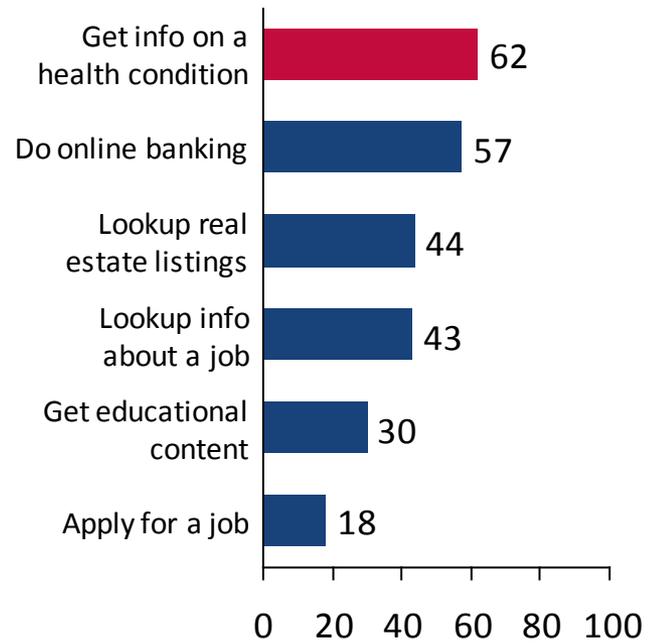
Your patients are online...

% of US Healthcare consumers



...and use the internet for health info¹

% of smartphone owners



(... and I know you think your patients are different)

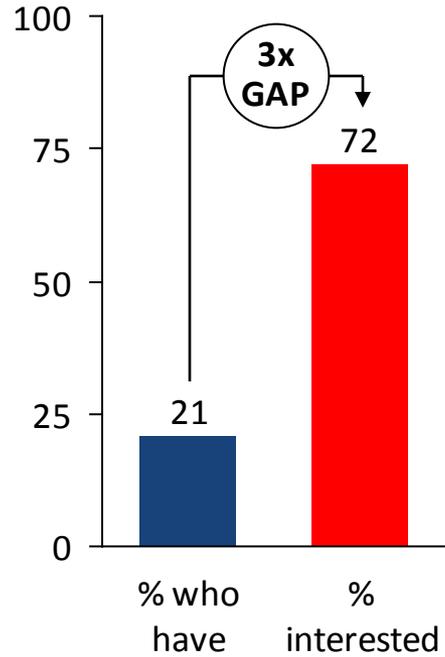
Sources: Pew Research Center,



Patients want easy access to their physicians, health information, and cost data

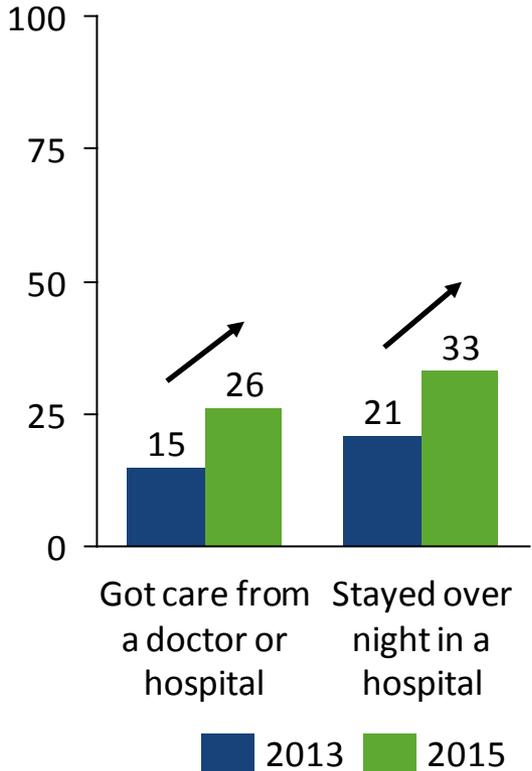
E-access to MDs

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



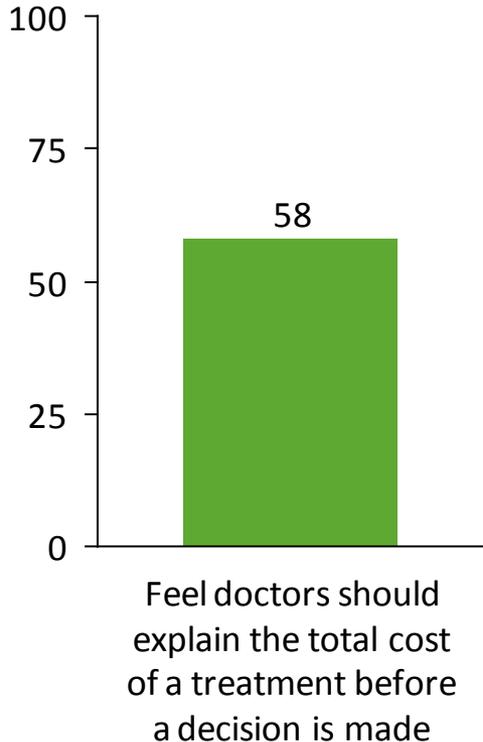
Health data

% of patients using technology to access and store health records



Total cost info

% of patients



Notes:
Source: Deloitte 2015 consumer e engagement in healthcare



Where SCA is going

Achieving the “Triple Aim”

Improve patient experience

Provide high quality outcomes

Meaningfully impact cost of care

From...

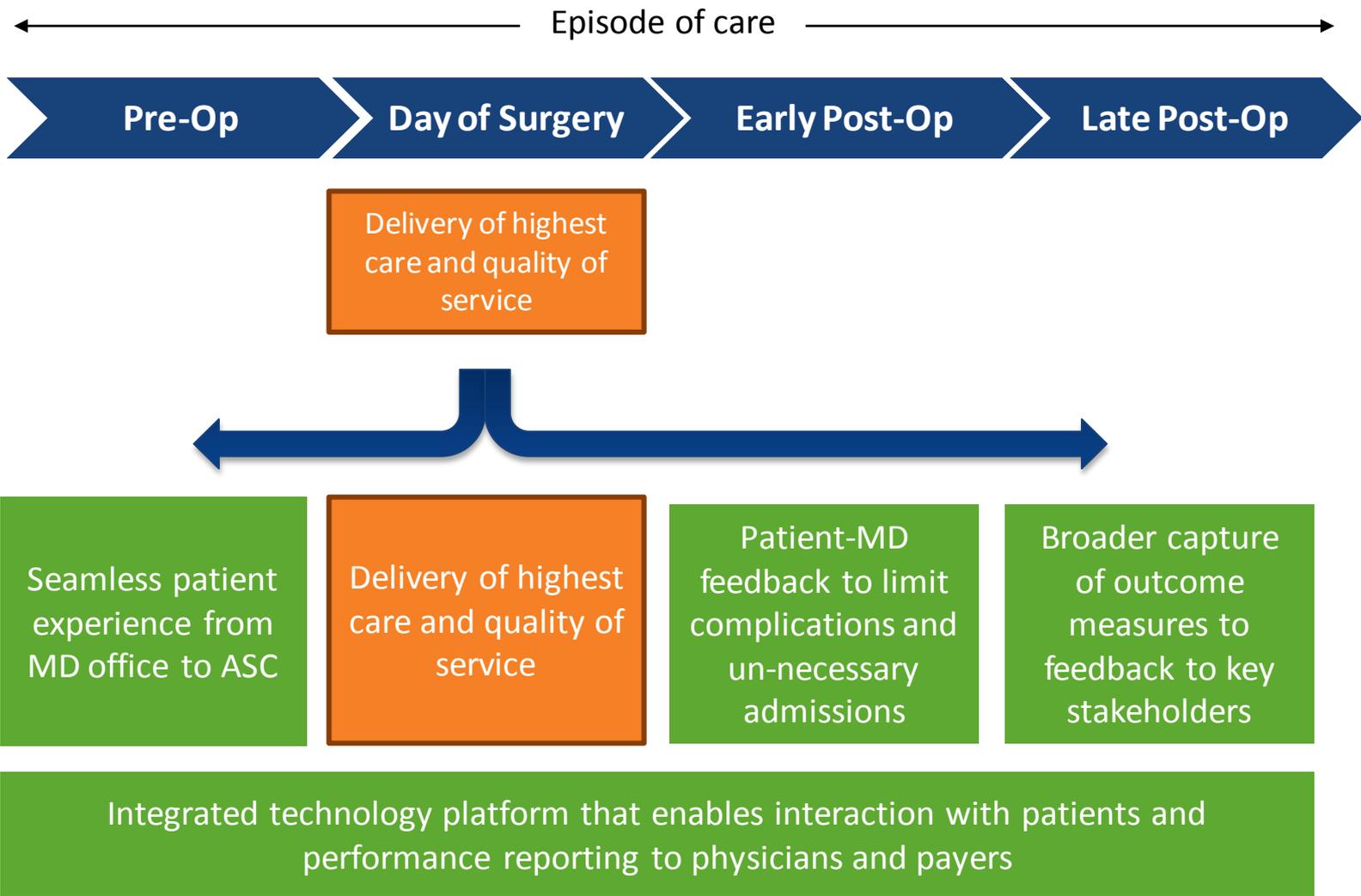
- Day of surgery
- NQF measures
- Fee for service

To...

- Episode of care
- Outcomes that matter
- Value-based contracting



SCA is expanding its role to support our patients and physicians across the full episode of care



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