BPCI-A Total Knee Offers a Unique Opportunity for Market Insights

Terms:

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Recent communications from CMS included the addition of hospital outpatient total knee arthroplasty to the second cohort for Bundled Payment for Care Improvement-Advanced (BPCI-A). For those providers still undecided on BPCI-A, or even those 16% who took the opt-out and withdrew from the program, the second cohort is an opportunity not to be overlooked.

Given the market indicators that 1) bundles will be expanding, 2) all roads lead to growth in outpatient services and 3) the total knee addition provides access to never-before-seen data on episode cost, I strongly recommend taking advantage of this second cohort opportunity to gain insight into both bundles and outpatient knee replacement surgery.

On BPCI-Advanced

Before we delve into the impact of the outpatient total knee update, a little about BPCI-A. The program, announced on Jan, 9, 2018, is the evolution of the legacy BPCI program, with one important change being prospective target prices giving organizations insight into benchmarks prior to deciding to participate. This continues CMS' focus on risk, as they look to models like this to generate savings for the Medicare trust fund.

OP knee replacement changes the equation

Diminishing returns on internal cost savings and lower patient volumes due to outpatient migration made the BPCI-A program less attractive to health systems and providers, and some have dropped out, opting instead to focus on more lucrative commercial patients. However, as care continues to shift outpatient, and both commercial payers and patients seek out high-value options, outpatient total joint replacement bundles offer health systems and providers a unique strategic positioning tool for cost-effective care with a less-risky population—this is the value play the market is begging for.

Furthermore, risk-averse organizations that opted out or dropped out of the first cohort of BPCI-A—but are seeking opportunities to experiment with virtual rehabilitation [9], as well as further align with independent surgeons—may find lower-risk outpatient knee replacement procedures a great opportunity to grow overall program volume.

Finally, if you’re hesitant to be first to market with outpatient joint replacement—you’re likely not. Fast-moving payers are adding outpatient joint replacement to ambulatory surgery center lists [10] and bundled payment opportunities [11] in a show of support that these procedures are safe and efficient in the outpatient setting.

It’s time to take action

Organizations can begin the application process in April 2019 for the second cohort to start Jan. 1, 2020 [12], and the time window is short since CMS does not plan to follow with further cohort options in 2021 and 2022.

Apply to gain access to outpatient total knee replacement pricing benchmarks (which haven’t been available previously). This is an opportunity that should not be missed, whether you decide to commit to bundle participation or not. This information can be used to not only understand current market behaviors, but also the rate of shift from inpatient to outpatient surgery for total knee replacement at the market level. As a bonus for applying you will receive historical data and benchmark pricing for all eligible clinical episodes in the BPCI-A program.

Whether you choose to participate in the program or not, the real goal here is finding savings, growth and newfound competencies as you transition to risk.

About the author and Sg2. As leader of the orthopedics team for Sg2, Amanda Olderog provides expert insight on orthopedic trends, national forecasts, service line optimization and strategic planning for health care organizations across the country. Sg2, a Vizient company, is the health care industry’s premier authority on health care trends, insights and market analytics.

Editor’s note: Sg2 Senior Principal Jim Reilly contributed to this post.

Language: