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CORR Insights®: Are Bundled Payments a Viable Reimbursement Model for Revision Total Joint Arthroplasty?

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Where Are We Now?

The study by Courtney and colleagues brings up interesting questions about the economic feasibility of performing revision total joint arthroplasty in the bundled payment environment. The authors should be commended for conducting this

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excellent study and the thought-provoking discussion they provided. As the era of alternative payment models continues to progress, orthopaedic surgeons are warily monitoring what Centers for Medicare & Medicaid Services and other payers are proposing. The Bundled Payment for Care Improvement (BPCI) and Comprehensive Care for Joint Replacement (CJR) programs were many orthopaedic surgeon's first foray into the bundled care arena. Understandably, the migration away from fee-for-service toward innovative and unfamiliar payment models is a serious concern for all involved.

Although many consider total joint arthroplasty as the ideal orthopaedic procedure for inclusion in a bundled payment, the high variability and unpredictability in revision total hip and knee arthroplasty understandably concern total joint surgeons. As the authors point out, revision total joint arthroplasty is associated with an “inherent

higher risk of complications, unpredictable nature of the surgical procedures, and varying degrees of technical difficulty.” As a result, many advocate removing revision joint arthroplasty from bundled payment programs or to considerably increase the target price. These concerns increase the anxiety that many feel about participating in bundled payments including total joint arthroplasty.

As the so-called “waste” associated with care is reduced or eliminated, the target price for bundled payments will become significantly more difficult to attain. Many are concerned that bundled payments will become a “zero-sum game” at this point, leaving little upside for the surgeons participating in the program. Procedures and conditions that are inherently more unpredictable will be more problematic under bundled payment programs. The author's study begins to explore these issues, but other questions remain unanswered.

Where Do We Need To Go?

As the authors point out, healthcare systems and physicians that are

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unaware of their actual costs will assume massive risk under bundled payment initiatives. These costs are more difficult to ascertain than one might otherwise think, and a hospital's operating margin can quickly be jeopardized under poorly managed bundled payments. Further studies should closely examine the inherent financial risks associated with participation in these programs. Can we determine reasonable target prices for the procedures that we are trying to bundle? Studies that look at best practices in the bundled payment environment can help low-performing hospitals to quickly improve. The long-term viability of bundled payments needs to be more closely examined. How will these initiatives remain interesting to physicians after the target price is as low as we can reasonably go?

Bozic and colleagues [1] found that 36% of the cost is associated with the postdischarge care. These costs have been extensively reduced by savvy participants in BPCI and CJR, but after a while, further cost reductions may negatively impact care and reduce quality. We have already begun to witness high-volume total joint

surgeons who decline to operate on patients who require inpatient rehabilitation after their surgery because of the negative impact that these patients will have on the bundled payment parameters. Further investigations should be performed that look at the unintended consequences of these alternative payment models, including shifting of high-cost patients and avoidance of patients with increased risk of complications.

How Do We Get There?

As is the case in many progressive payment models, risk adjustment is the key to ensure that the patients most in need still have access to care. As a profession, we have struggled in developing fair, accurate methods to weigh comorbidities that affect patient-reported outcome measures. Extensive work needs to be performed in this area, and even after this is done, widespread buy-in must be achieved by the orthopaedic surgical community. Effective risk adjustment is difficult to quantify, and even if achieved, our common theme will

always remain “my patients are sicker than yours.” Developing studies that effectively answer these questions and persuasively change surgeon perception on risk will be a monumental task.

I believe that innovative approaches to these and other questions will become more apparent as alternative payments continue to unfold. In the United States, we provide the most expensive healthcare in the world with little in improved quality to demonstrate for the higher cost. The country must engage in alternative payment models that decrease cost or increase quality, and bundled payments certainly appear to do this. As we become more familiar with the actual mechanics of the programs and the issues associated with them, we will be able to more closely define the questions and the methodologies to address them.

Reference

1. Bozic KJ, Ward L, Vail TP, Maze M. Bundled payments in total joint arthroplasty: targeting opportunities for quality improvement and cost reduction. *Clin Orthop Relat Res*. 2014;472:188–193.