National Issues and the Future of Orthopaedics

David Teuscher, MD
Beaumont Texas
The Last 39 months

ARRA – America’s Recovery and Reinvestment Act

HITECH – Health Information Technology for Economic and Clinical Health

Meaningful use and EHR

Patient Protection and Affordable Care Act – PPACA

Recovery Audit Contractors - RAC

Comprehensive Error Rate Testing – CERT

Medicare Reporting & Returning of Overpayments Rules
SCOTUS and PPACA

- Judicial review and diversity
- Anti-Injunction Act
- Individual Purchase Mandate
  - Guaranteed Issue
  - Community Ratings
- Severability
- State Medicaid Mandate
PPACA is Constitutional
PPACA is Unconstitutional
If PPACA is Constitutional

- $900B original advertised cost for 10 years
- Latest CBO revised to $1.76T
- Senate Budget staff found another $2.6T costs
- Long Term hidden Liabilities $17T
- Medicare SGR is still broke
- Medicaid payments are inadequate
If PPACA is Unconstitutional

- Still need sustainable fix for existing programs
- Medicare costs now projected to be $340 – 530B more than CBO estimate for next 10 years
- $494B tax hike for every marginal bracket on 1.1.2013
  - 70% on low & middle incomes
  - Child tax credit cut in half and marriage penalty returns
  - Dividends taxed at nearly triple
  - AMT will apply to 34 million filers in 2013
Replacement Alternatives

- Patient Centric Model - EHR and HSA controlled by patients with Patient Reported Outcomes
- AMA model – advanceable refundable tax credit
- State Initiatives
- Market driven by purchasers
- Rationing
  - Government
  - Payers
  - Patients
Long term outlook

Quality, Transparency, and Value

Payers replaced by Purchasers

Entitlement Tsunami

Pay for volume replaced by what?

Integration: Who gets to drive my bus?
Quality, Transparency, and Value

Who gets to define Quality?
- PQRI – now a negative reinforcement model
- SCIP – aggregate only small effect
- PCPI – Piecemeal approach
- NQF – only endorse/approve
- CER – can’t factor costs
- Why aren’t patients consulted – PRO

Data so far has shown little if any improvement.

Transparency – is everyone ready to be transparent?

Value = Outcomes/Costs
Entitlement Tsunami

- State Medicaid budgets are busted
- 36% of Texas state budget and growing at 6% annually
- Dual eligible seniors are over half the budget
- Boomers turning 65 last year
- Pre-senile Medicare enrollees exploding
- No relief for Orthopaedics
- Defined benefit needs to become defined contribution
Payers replaced by Purchasers

- Orthopaedics is now on their radar
- Concerns are costs, appropriateness, quality & safety
- Interested in improved function, low complications, and durable results.
- They want US data – International data variability
Purchasers are driving your bus

- 2006 TKA costs $21B for 583,000 joints of which 42% were under age 65 costing them $8B
- 2006 THA costs $16B for 408,000 joints of which 45% were under age 65 costing them $5B

Why am I paying for your mistakes and bad choices?

Why aren’t you affordable, accountable and innovative like I have had to be in my business model?
Trends in implant costs from 1992 to 2008 costs

- Surgeon: -39%
- Hospital: +27%
- Standard implant: +132%
- Top line implant: +204%

If Purchasers know this, why don’t we?
What are we going to do about it?
What are Purchasers looking for?

- **Affordability** – Appropriate use of expensive treatments and technology through shared patient decision making, rewarding efficient physicians.

- **Accountability** – Metrics of appropriateness and health outcomes for optimal patient experience.

- **Innovative delivery** – Redesign of payment based on higher levels of evidence, IT infrastructure, and CER.
Purchasers response

- Maximum bundled payment
- Carve out services for double deductibles
- Contract with high value providers
- Higher co-pays for low value providers
- Exclusive Provider Organizations - EPO
Pay for volume replaced by what?

- Salary, Capitation, and Fee for service
- Hybrids
- Contingency fee contract?
- Pay for outcomes?
- Warranties?
AAOS Quality Initiatives

- American Joint Replacement Registry – AJRR
- Clinical Practice Guidelines – CPG
- Appropriate Use Criteria – AUC
- Value project
Workforce

- Changing values in surgeons
- Changing gender in orthopaedics
- GME funding
- Primary care vs. specialists
- Fellowships vs. need
- Doctor surrogates
Bone Home Alone?

Can we play well with others?
Can we learn to lead a team?
Can we take an alternate role?
Who will be left to take care of us?
Under Age 40 Physicians

- 57% Pessimistic to Highly Pessimistic
  - #1 new government healthcare legislation
  - #2 government involvement

- 80% Highly to Somewhat Satisfied in current practice

- 58% are employees, 26% owners, 39% want to be owners

- 7 years is average plan to stay in current practice position

The Physicians Foundation, 2012
Thoughts for Discussion

- New technology is always more expensive.
- Medically necessary is this pen in my hand.
- Doctors can’t control spending without data.
- Patients will quit spending when it costs them.
- Alignment of incentives is outcome focused.
Who lives; Who dies; Who pays; Who decides?

Cradle to grave individual tax advantaged HSA.

Gov’t programs morph to defined contribution.

Indigent enrollment and advanceable tax credits.

Individual contracting with patients.

EHR is owned/controlled by patient.

Value is payment driver and user defined.

24/7 access outside the ED.
Questions?

David Teuscher, MD
sportdoctor@gt.rr.com
409-838-0346 ext.159