

Practicing Cost-Conscious Shoulder Surgery



Eric K. Bonness, MD^{a,*}, Laurence D. Higgins, MD, MBA^b

KEYWORDS

• Shoulder • Value • Cost-effectiveness • Surgery

KEY POINTS

- Health care sector costs will continue to increase through 2025 because of advances in expensive technology and aging populations.
- Universal reporting of outcomes and costs, and an integration of systematic improvements, will be crucial to successfully revamping the US health care system.
- By practicing evidence-based methods for improved outcomes at lower costs, providers can increase both efficiency and profitability, while patients experience better care and higher satisfaction.

INTRODUCTION

Health care costs in the United States continue to increase with advances in expensive technologies and an aging patient population. These costs are unsustainable, leading to an increased focus on delivering care in a patient-centered, value-based model. In 2015, health care related costs made up 18% of the national gross domestic product and they are expected to increase to 20% by 2025. Estimates project a 5.8% increase in health care related costs by 2025, reaching nearly \$5.5 trillion.¹ This increase is not surprising, especially considering the growing and aging population of the United States, which would inherently lead to increased spending and enrollment in both the Medicare and Medicaid groups.¹

Musculoskeletal disorders represent a substantial portion of health care costs and are the leading cause of disability in the United States. In 2011, the annual US cost for the treatment of musculoskeletal conditions and lost wages was \$874 billion, making up 5.7% of the gross domestic product.²

Shoulder disorders make up a substantial portion of this economic burden, with 8.2% of the US adult population reporting chronic

shoulder pain in 2008.³ Just behind the knee, the shoulder was the second most common joint in which patients experienced chronic pain. Studies have also pointed out that, in addition to the direct costs, indirect costs such as missed work secondary to shoulder pathology have resulted in a small number of patients accounting for a large portion of the overall costs.^{4,5}

Owing to the increase health care costs and projections for further increases over the next decade, the long-term sustainability of our health care system is in question. As such, there has been a significant increase in focusing on decreasing costs and providing value-based care. Although these economic principles are applicable in a multitude of other markets, they are difficult to apply to health care because of the complexity of the system. The health care system is influenced by patients, providers, hospital systems, insurers, and pharmaceutical or medical technology companies. Each group prioritizes their own interests when it comes to economic success, complicating a consensus.

Value in health care can be defined as patient outcome per dollar spent (direct or indirect) in

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^a Massachusetts General Hospital, Department of Orthopaedics, 55 Fruit Street, Suite 3200, Boston, MA 02114, USA; ^b Department of Orthopaedics, King Edward VII Memorial Hospital, 7 Point Finger Road, Paget DV 04, Bermuda

* Corresponding author.

E-mail address: bonness54@gmail.com

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the care provided. Simply, $\frac{\text{outcome}}{\text{cost}} = \text{value}$.

Optimizing value comes as the result of improving outcomes at a lower cost. This consideration is different than focusing solely on reducing costs or limiting treatments without taking patient outcomes into account. The difficulty in this method stems from the greater variation in practice and lack of standardized outcome recording. Bundled opportunities serve as one vehicle to achieve value-based care by decreasing costs and improving outcomes. This article defines and discusses value-based care practices and their applications in the management of shoulder disorders.

VALUE-BASED CARE

Much of what we know about value-based care comes from the work of health care economists Michael Porter and Elizabeth Teisberg. As creators of this health care strategy, they have described 3 principles essential to the system. First, the description of value must be focused on the patient. Therefore, success in the value-based system is not measured by hospital revenues, number of clinic visits, number of cases performed, or relative value units generated by a surgeon. This system shifts the paradigm to improvement of patient outcomes and at a lower cost. Second, they emphasize that care should be focused on specific condition over an entire care cycle. This factor applies to both the measurement of outcomes and the calculation of total costs. With respect to a shoulder practice, value-based care would involve focusing treatments and outcome measurements on specific shoulder conditions, like instability, rotator cuff disease, or arthritis.

Additionally, treatment teams should be organized specifically around the various conditions. This strategy allows for multidisciplinary management to optimize patient outcomes and improve efficiency and, thus, lower overall costs in the long term. Porter and Teisberg^{6,7} have termed these organized care teams as integrated practice units. For example, in the management of shoulder instability, these integrated practice units would include orthopedic surgeons, anesthesiologists, physical therapists, and nurses, who all participate from the beginning of a care cycle, collaborating to optimize care for this specific shoulder condition, while accounting for individual patient characteristics (age, medical comorbidities, athletic status).

Finally, crucial to the success of value-based care is the measuring and reporting of results.

These results include long-term patient outcomes as well as cost data. Historically, the large outcomes databases included only certain outcomes like readmission rates or mortality. However, it is important to include more specific results, such as patient functional outcomes, pain, patient satisfaction, or condition-specific complications. Complete transparency in outcome data reporting is important, but difficult to achieve. Without these data, however, it is impossible to make determinations as to which treatments are the most cost effective for patients in terms of functional outcomes, pain, durability, and success rate.⁸ Interpretation of these data, over the long term, is what leads to the formulation of best practice guidelines for improved patient outcomes, lower cost, and sustainability. With increasing health care costs and the future of the health care system in question, value-based care provides this sustainability by increasing competition and efficiency. Providers, hospitals, and insurers are forced to provide care to achieve the highest outcomes. Transparency in outcomes reporting will allow patients to become knowledgeable consumers in the health care market, seeking the best care at the lowest price. It must be stressed that, because the outcomes and cost data inform on the creation of practice guidelines, continued measurement and refinement of data used to drive the value-driven agenda would ideally create a virtuous cycle of improvement.

From an economic perspective, value-based care practice aims to transition the system from the current zero-sum competition to positive-sum competition. In zero-sum competition, the net value of the system remains constant and hospital systems and insurance companies compete to divide the value among themselves. Often this results in providing the less costly treatments to patients and ultimately decreasing value to the patient. In positive-sum competition, the net value of the system can be increased by using treatments that have been proven to result in improved patient outcomes, thus, lowering the overall cost in the long term. This increased value to the system benefits all parties involved.⁶

Application of the value-based care model is well-suited for the treatment of many orthopedic conditions, and the shoulder is no exception. With an increasing number of shoulder surgeries being performed, increasing health care costs, and an aging population, there exists a great potential for cost savings and increased efficiencies when a value-based strategy is used. Additionally, disorders of the shoulder can be categorized into specific conditions such as instability, rotator cuff pathology, or arthritis and can be

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