

PAYERS, ASC'S and FRAUD AND ABUSE

WHAT TO KNOW
WHAT TO DO ABOUT IT



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- Background

WHY PAYERS ARE TAKING NOTICE OF SURGERY INVOLVING IMPLANTS

- Gov't & Commercial = \$100 Billion Annually
 - Implant = \$45 Billion
- Commercial Sector
 - Up to \$30 PMPM Spend
 - Twice all Radiology And Oncology Combined
 - Almost All Prescription Drug Costs
 - Spend Growing At 8% Per Year
 - Volume Growing with Baby Boomer Population
 - More Than 40% Of All Surgeries Involve Implants
 - Implants Account For Up To 70% Of The Surgery Cost
 - SUNSHINE ACT
 - Shedding Light on Manufacturer To Surgeon Payments

The BIG Problem Will Only Get Bigger



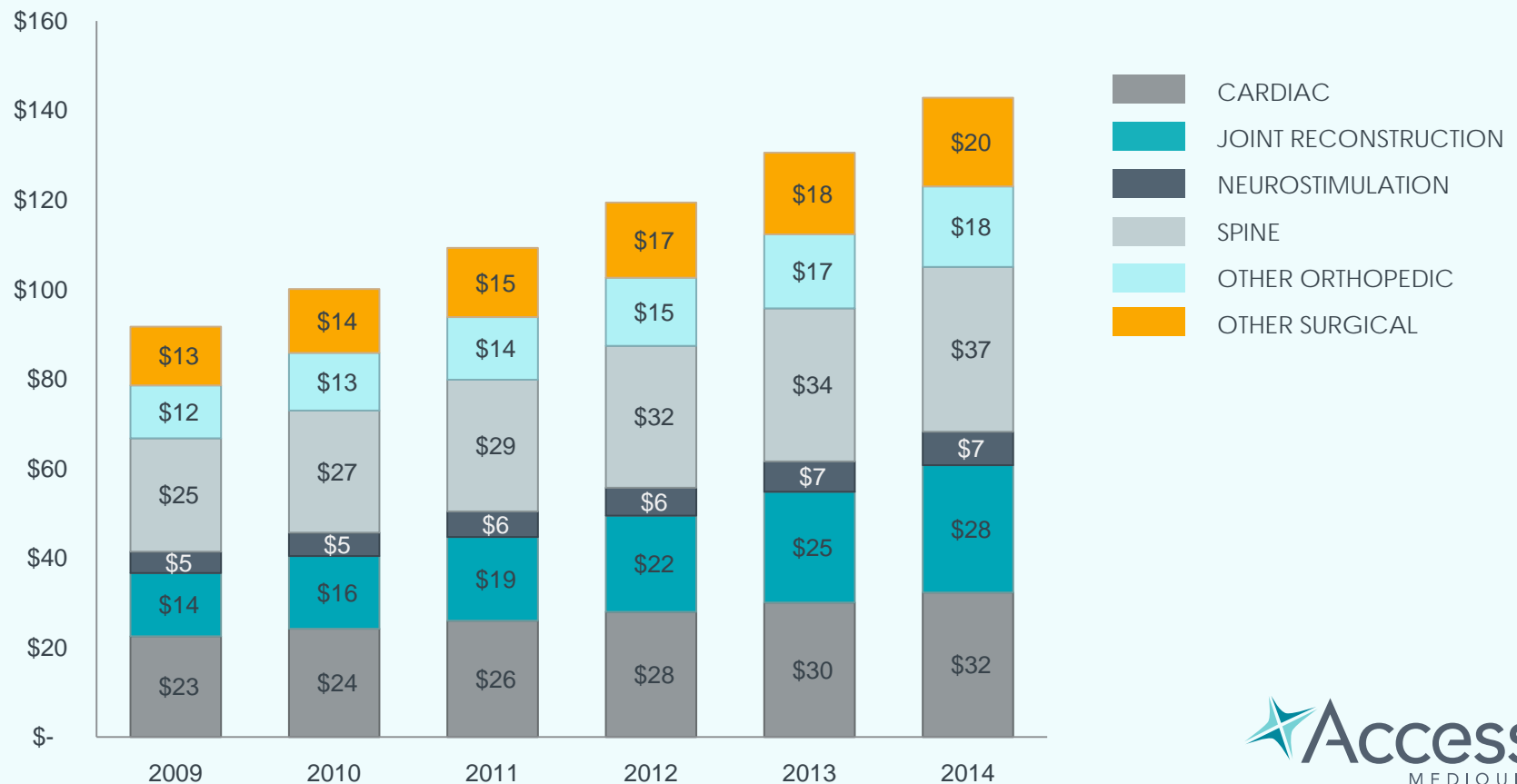
“There’s no end to the number of new devices that are being developed, but there is a limit to how much employee-benefit plans can absorb.”

— Karen Ignagni, Chief Executive of America’s Health Insurance Plans

- Over 40% of ALL surgeries now have an implant involved and this trend is growing faster than overall surgical case increases
- Large pipeline of similar devices coming

Unit Cost Layering: Costs Rise Without Supply Chain Compression

PMPY Implant Unit COST ALONE Spend by Category



PAST

- Surgery, But Not Implant, Require Prior Auth
- Out-Patient Surgery PA Requirements Reduced
- No Way For Payer To Check Intra-Operative Variability
- No Way For Payer To Check Device And Patient Specificity
- Age, Activity Levels, Weight
- No Way To Check For Device Safety Prior To FDA Recalls
- No Way To Measure Outcomes

PRESENT – WHAT PAYERS ARE SEEKING

- Finally Reaches Payer Radar
- Prior Auth
 - Shifting Back To Requiring Prior Auth
 - Medicare – RAC s Now Reviewing In-Patient, DME,
 - Implants Could Be Next
 - Expanding PA To Include Implant
 - Device Specificity
 - Off Label Use
 - Benchmarking Surgeons
 - Outliers
 - Use Of Biologics
 - PODs And Stark
 - Patient Classification System



PRESENT – WHAT PAYERS ARE SEEKING

- Claims
 - Retro Reviews
 - Claims Edits
 - Reimbursement
- Bundling Models
 - Risk Shifting
- Quality
 - Patient Registries
 - Level I Achieved

FUTURE

- More Steerage From Hospitals To ASCs
- Grow From 10% market share
- Patient Registries Levels 2, 3
- PBM → RBM → OBM → SIM
 - Formerly Device-Only Management
- Now An End-to-End Surgical and Implant Management Solution
 - Including Outcomes Measurement
 - Patient Classification

WHAT TO KNOW

- How Will Payers Shift The Burden Of Prior Auth
- How Will Payers Review Your Claims?
- How Will Payers Pay For Implants?
 - Bundled Payments
 - Shifting Burdens
- Increasing Administrative Costs
- Increase of Implantable Device Costs
 - Eliminating Mark-Ups

WHAT TO DO ABOUT IT?

- Data And Analytics Are Essential To An ASC
 - Benchmarking
 - Outliers
 - Off-Label Use
- Cost Comparisons On Implants
 - Where to Buy Or How To Partner
- Surgeon Alignment
 - Pay 4 Performance
- Preferred Device Formulary
- Partnering For Bundled Payment Strategies
- Partnering For Surgical and Surgical Implant Management

THANK YOU

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