

Maintaining Value after the Bundle: Relative Cost Efficiency of an Orthopaedic Practice after Leaving the Bundled Payments for Care Improvement Initiative

John Robert Hobbs¹, Nihir Parikh, David Pipa, Erik Woelber, Chad A Krueger

¹Rothman Orthopaedic Institute

INTRODUCTION:

In 2019, after several years of participation in the Centers for Medicare and Medicaid Services (CMS) Bundled Payments for Care Improvement (BPCI) initiative, our institution withdrew from the program due to financial losses. The purpose of this study was to determine whether our institution remained cost efficient relative to other area practices in the three years following withdrawal from BPCI, as determined by CMS's own cost efficiency metrics.

METHODS:

Using data from the CMS Quality Payment Program (QPP), the cost efficiency of practices in a large metropolitan area from 2019-2021 was determined using the ratio of observed to expected costs among fee-for-service patients. Cost efficiency was compared across practices for all cases and for expected cost quartiles to stratify by financial risk. Only practices that performed over 100 total hip arthroplasties (THA) or total knee arthroplasties (TKA) were included in cost efficiency comparisons.

RESULTS:

Data from 11,366 TKAs performed by 14 groups and 6,690 THAs performed by 8 groups were included for analysis. The ratio of observed to expected costs was 0.93 for THAs and 0.95 for TKA. Across every risk quartile for both hips and knees, the practice had lower procedural costs than those expected by CMS after leaving BPCI. Relative to other area practices, the group had the third best cost performance for TKA and the best performance for THA.

DISCUSSION AND CONCLUSION:

Despite a history of negative financial reconciliation while in a bundled payment model, our practice provided surgery at a lower cost than other practices within our immediate geographic area after leaving the bundle. This study offers compelling evidence that bundle participation is not necessary to provide value-based care.