

# **THE BUSINESS OF ORTHOPAEDIC TRAUMA**

**WHAT YOUR HOSPITAL NEEDS TO  
KNOW**

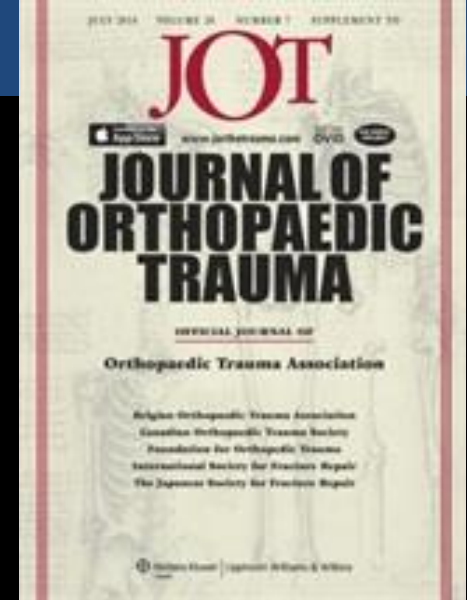
**TIM BRAY M.D.**

# CONFLICTS

- OWNER, BOARD MEMBER ORTHOPAEDIC
  - IMPLANT COMPANY (OIC)
  - DESIGN CONSULTANT
- OWNER RENO ORTHOPAEDIC SURGERY CENTER
- RENO ORTHOPAEDIC URGENT CARE CENTER

# J Orthop Trauma

2014 Jul;28(7 Suppl)



## ***Reno Orthopaedic Clinic Trauma Business Curriculum.***

# GOALS FOR TODAY

## (2022 mini strategic plan)

### YOU WILL:

- DEMONSTRATE TO THE ADMINISTRATION  
*YOU* KNOW WHAT *THEY* NEED
- HOW TO *QUANTITATE* YOUR *VALUE* TO THE  
HOSPITAL AS A TRAUMATOLOGIST
- 8 COST SAVINGS PROGRAMS *YOU MUST*  
IMPLEMENT FOR SUCCESS

# **2022 WHAT HOSPITALS NEED TODAY**

**SUBSPECIALIZED TRAUMATOLOGISTS  
QUALITY ASSURANCE PROGRAMS  
COVERAGE MODELS THAT MEET NEEDS OF  
COMMUNITY  
EFFICIENCY-OPERATING ROOMS, THROUGHPUT  
ANESTHESIA ALIGNMENT  
OUTREACH, EDUCATION**

# 2022 WHAT HOSPITALS NEED TODAY

**MEASURE WHAT YOU WANT IMPROVED**

TURNOVERS

LOS

CARE PATHWAYS

UTILIZATION

# 2022 WHAT HOSPITALS NEED TODAY

**MEASURING QUALITY** PROMOTES THE  
EFFECTIVE USE OF ORTHOPAEDIC  
RESOURCES.

THESE DATA INCENTIVIZES THE HEALTHCARE TEAM TO WORK  
FOR IMPROVED OUTCOMES, COST CONTAINMENT,  
EFFICIENCY AND STRUCTURE BONUS PROGRAMS

# **2022 WHAT HOSPITALS NEED TODAY**

**I BELIEVE ONLY A CALL TAKING, MISSION  
COMMITTED ORTHOPAEDIC  
TRAUMATOLOGIST OR LIKE ORTHOPAEDIC  
SURGEON CAN PROVIDE THE NEEDED  
LEADERSHIP FOR THESE HOSPITAL QUALITY  
MEASURES**



# ***MEET YOUR ADMINISTRATOR***



**JD, MD, MBA**

**STRATEGIC  
PLAN**

**NOT GOOD AT  
PARTNERSHIP  
MODELS**

**NON TRANSPARENT  
REGARDING  
INSTITUTIONAL FINANCES**

**ACCESS TO CAPITAL**

**KNOW THE NUMBERS**

# ***YOUR ADMINISTRATOR***

YOU ***NEED TO KNOW***  
HOW HE MAKES MONEY  
FROM ORTHOPAEDIC  
TRAUMA SERVICES

A man with white hair and glasses, wearing a dark suit and a red tie, stands behind a wooden desk. He is holding a laptop with both hands and has a pencil balanced horizontally in his mouth. On the desk to his left is a glass pen holder containing several pens. Behind him is a dark wood-paneled wall with a round clock showing approximately 10:10. The text 'STRATEGIC PLAN' is overlaid in red on the lower part of the image.

**STRATEGIC  
PLAN**

# HOW HOSPITAL MAKES \$ FROM TRAUMA

- Trauma activation fees
  - RADIOLOGY CHARGES
  - LABORATORY FEES
  - CONSULTATIONS
- NOT ALL PATIENTS ARE UNINSURED

# ***Financial Viability of a Community Based Orthopaedic Trauma System***

**Peter L. Althausen, MD, MBA**

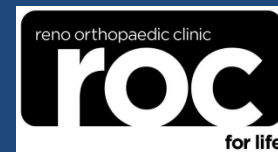
**Daniel Coll, BS, PA-C**

**Michael Cvitash, BMS, PA-C**

**Timothy J. O'Mara, MD**

**Timothy J. Bray, MD**

Reno Orthopaedic Clinic  
Renown Regional Medical Center Trauma System  
Reno, Nevada



# Trauma Contribution At Our Institution

Total Charges	\$ 77,719,354
Trauma Activation Fees	\$ 7,420,000
Xray	\$ 2,424,083
CT	\$ 12,638,411
MRI	\$ 612,480
Laboratory Fees	\$ 3,400,270

- Net profit was \$5.1 million

# Profit

- HOSPITAL NET PROFIT

**\$ 5,176,456**

- EXCLUDES PROFESSIONAL FEES FOR PHYSICIANS
  - NO GRADUATE MEDICAL EDUCATION \$
  - NO EXTERNAL GRANTS OR SUBSIDIES

# ***YOUR ADMINISTRATOR***

**“ORTHOPAEDIC  
TRAUMA ALWAYS  
LOSES ME MONEY”**

**STRATEGIC  
PLAN**



# ***YOUR ADMINISTRATOR***

- ***NOT TRUE***

***“AS A MATTER OF  
FACT ..ORTHOPAEDIC  
TRAUMA MAKES YOU  
MILLIONS OF DOLLARS  
EVERY YEAR AND.....***

***I CAN PROVIDE YOU  
THE LEADERSHIP YOU  
NEED.”***

A man with white hair and glasses, wearing a dark suit, white shirt, and red tie, stands behind a wooden desk. He is holding a laptop with both hands and has a pencil balanced horizontally in his mouth. On the desk in front of him is a glass pen holder containing several pens. A round clock is mounted on the wood-paneled wall behind him.

**STRATEGIC  
PLAN**



# GOALS FOR TODAY

## (2022 mini strategic plan)

- ~~DEMONSTRATE TO THE ADMINISTRATION~~ **YOU**  
~~KNOW WHAT~~ **THEY** ~~NEED~~
- HOW TO **QUANTITATE** YOUR **VALUE** TO THE  
HOSPITAL AS A TRAUMATOLOGIST
- 8 COST SAVINGS PROGRAMS **YOU MUST**  
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**WHAT YOUR HOSPITAL  
NEEDS TO KNOW**

**YOU BRING INCREDIBLE  
'VALUE' !**

***#1...REVENUE***

# WHAT YOUR HOSPITAL NEEDS TO KNOW

REVENUE, REVENUE, REVENUE....

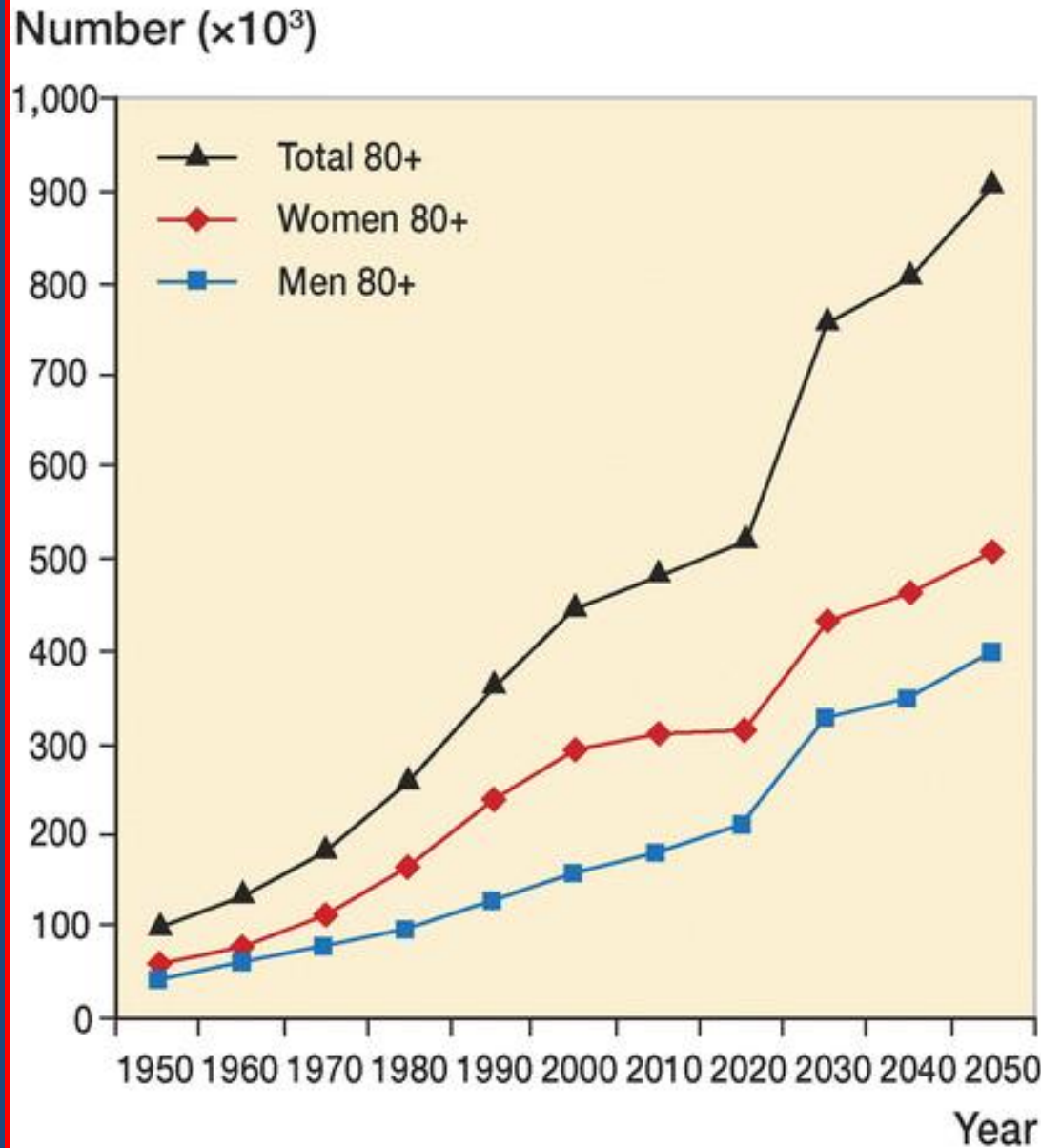
*LEADERSHIP, STABILITY TO TRAUMA CHAOS,  
SUPPLY CHAIN MANAGEMENT, SUPPORT  
ANCILLARY SERVICES, HELP IN MIDDLE  
LEVEL CLINICAL AND HIGH LEVEL MANAGEMENT  
RECRUITMENT*

# WHAT YOUR HOSPITAL NEEDS TO KNOW

YOUR STARTING SALARY (533K)  
GENERATES 5X HOSPITAL CHARGES IN  
FIRST YEAR

SHORTAGE OF ORS 2025, 60% OF  
CURRENT PRACTICE GROUP 55 or OLDER

***TREMENDOUS NEED FOR YOUR  
SERVICES***



## Market Opportunities

- The advent of bioresorbable implants and internal fixation devices
- Increasing focus on robotic surgeries
- Growing number of R&D activities
- Technological advancement

**The titled segments and sub-section of the Orthopedic Implants**

# ***YOUR ADMINISTRATOR***



**STRATEGIC  
PLAN**

**WHAT ELSE DOES  
HE NEED TO  
KNOW.....**

**And you can  
remind  
Him....**

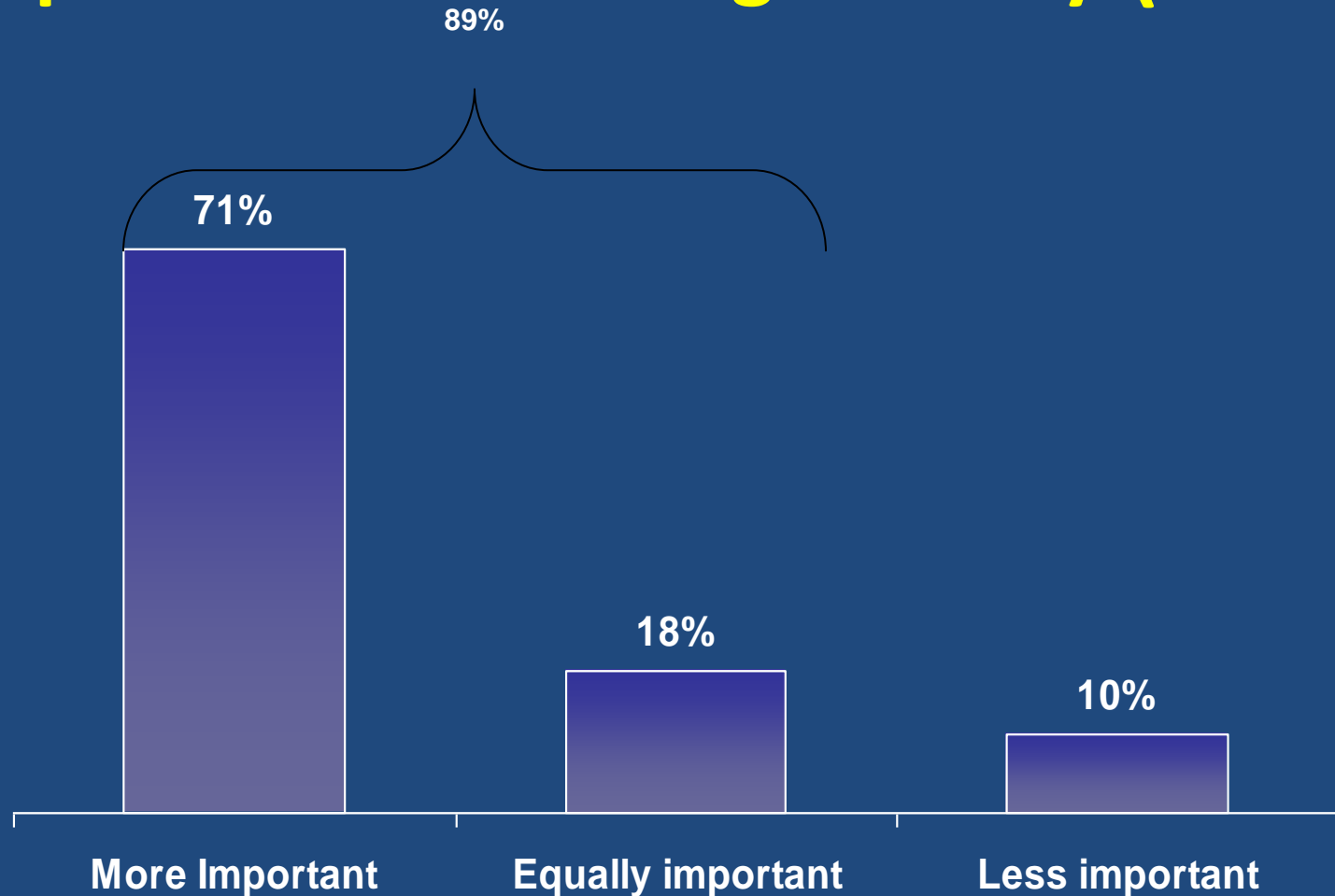
**THERE IS A TREMENDOUS PUBLIC  
APPRECIATION OF TRAUMA CARE  
AND TRAUMA SYSTEMS**



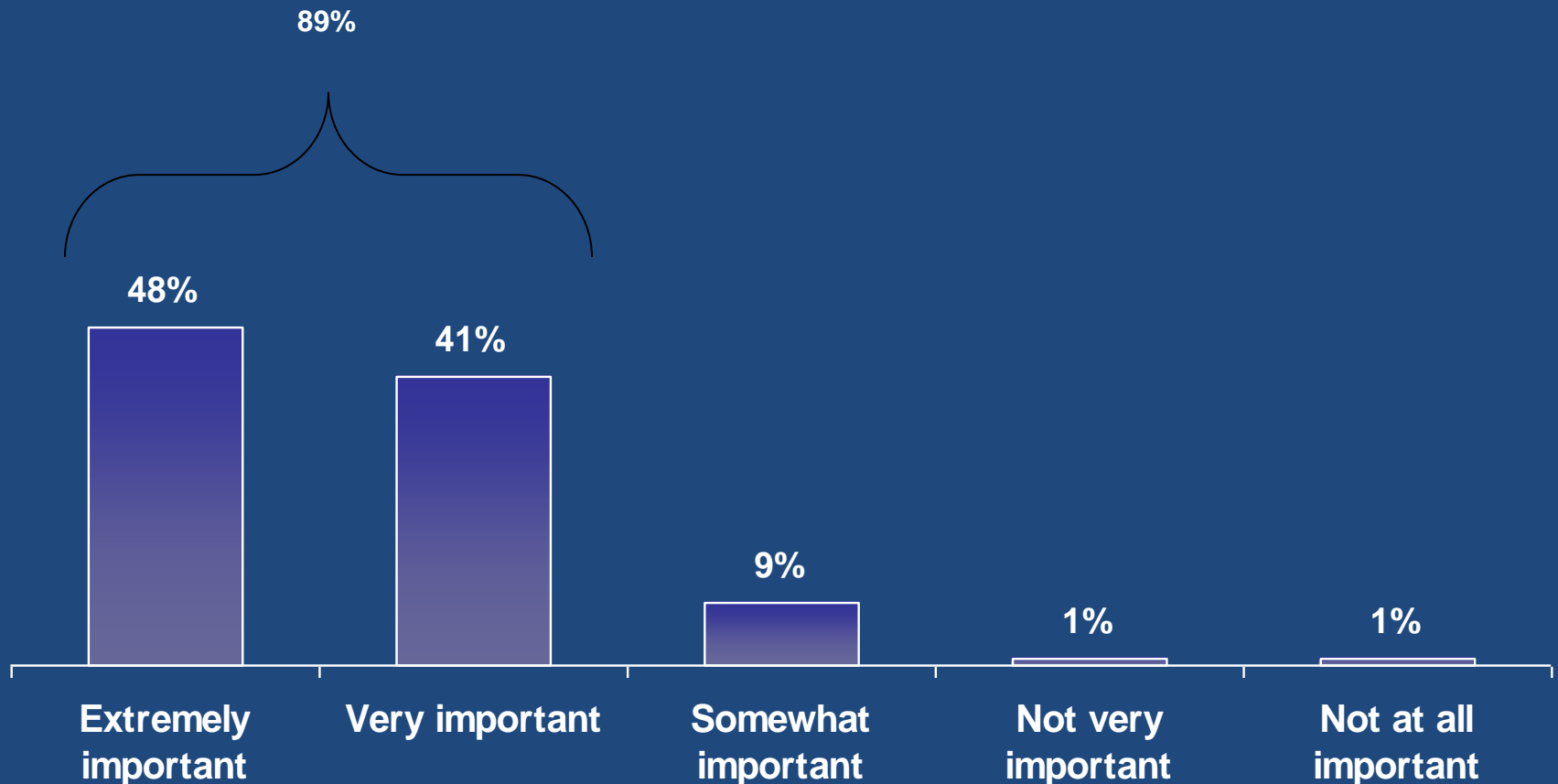




**Nine in ten Americans feel that having a trauma center nearby is equally or more important than having a library.(Gallop)**



**Nine in ten Americans feel it is extremely or very important for their state trauma systems and hospitals to be prepared to respond in a coordinated way to a natural disaster or terrorist attack.**



# Orthopaedic Perspective

**PRIOR TO 2006, TRAUMA CENTERS AND  
EMERGENCY ROOMS WERE CLOSING  
ACROSS THE NATION..**

**SHORTAGE OF TRAUMA SURGEONS AND ORTHOPAEDIC  
TRAUMATOLOGISTS**

**MULTIPLE ARTICLES WERE PUBLISHED DOCUMENTING  
THE PROBLEM AND RESIDENTS WERE RECRUITED AT  
NATIONAL MEETINGS**

# ***“The Answer is Money, What is the Question?”***

**Hospitals once regarded Trauma Centers as money losers but that has changed Administrators have figured out how to bill for trauma patients and improve efficiency**

***2022...Trauma centers make money! Lots of it !***

# roc experience

- ***DAY TRAUMA COVERAGE CALL MODELS...***

Arthroplasty cases increased 13.2%

Arthroscopy cases increased 35.4%

Total office visits increased 18.8%

# GOALS FOR TODAY

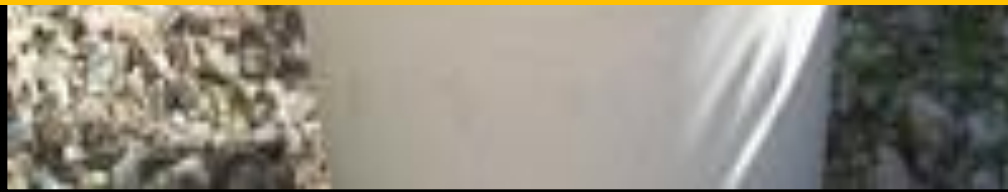
## (2022 mini strategic plan)

- ~~DEMONSTRATE TO THE ADMINISTRATION~~ **YOU** ~~KNOW WHAT~~  
**THEY** ~~NEED~~
- ~~HOW TO~~ **QUANTITATE** ~~YOUR~~ **VALUE** ~~TO THE HOSPITAL AS A~~  
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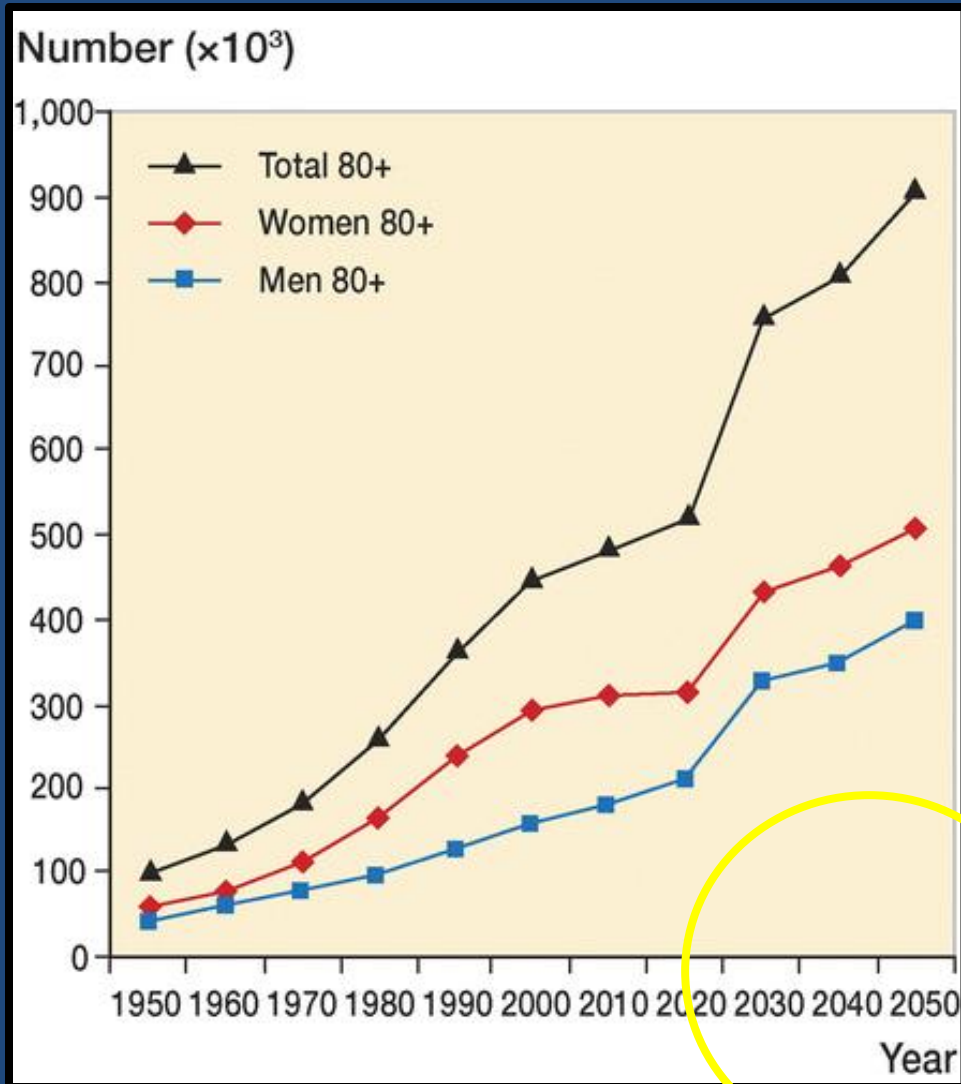
# **8 AREAS TO SAVE A MILLION DOLLARS**



**HOW TO MAKE AN IMPACT RIGHT NOW**



# HIP FRACTURE PROTOCOLS





# 1. GERIATRIC FRACTURE PROGRAMS

- **Save time and money while improving patient care**
  - Decrease ER time
  - Decrease Length of Stay
  - Decrease Morbidity and Mortality
- Improve Osteoporosis Treatment (Own the Bone)
- **Kates et al, JOT 2011** reported a 33% decrease in costs and total annual savings in excess of \$730,000

## 2. TRAUMA OPERATING ROOM

- *Multiple studies showing*
  - IMPROVED EFFICIENCY-TURNOVERS
  - IMPROVED OUTCOMES-TRAUMATOLOGISTS
  - LOWER COMPLICATION RATE-TRAUMATOLOGISTS
  - LESS NIGHT TIME SURGERY-PROTOCOL DRIVEN

# 3. OPERATIVE EFFICIENCY

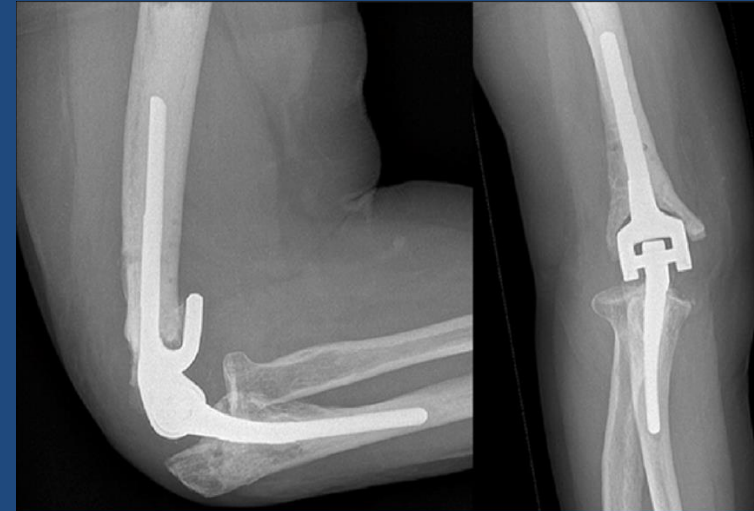
- Althausen et al, JOT, 2013 studied operative times and costs comparing traumatologists to general orthopaedic surgeons
- The traumatologist group demonstrated significantly decreased procedure times when compare to the GOS group(55.6 min vs 75.8min,  $p < 0.0001$ ).
- This led to significantly decreased surgical labor costs(\$381.4 vs \$484.8,  $p < 0.0001$ ), and surgical supply and implant costs(\$2567 vs \$3003,  $p < 0.0001$ ).

# 4. TRAUMA PHYSICIAN ASSISTANTS

- DECREASED ER TIME
- DECREASED TIME TO OR
  - DECREASED LOS
- IMPROVED PATIENT SATISFACTION
- ON THE SURFACE THEY DON'T COVER SALARY BUT DUE TO THE ABOVE BENEFITS THEY' ARE FINANCIALLY BENEFICIAL

# 5. IMPLANT PRICING CONTROL

DUAL VENDOR, SOLE SOURCES, PRICING MATRIX, 'RED-YELLOW-GREEN', GENERICS, GROUP STANDARDIZATION



## 6. GENERIC IMPLANTS

- REDUCED COST,  
EQUIVALENT QUALITY
- WE SAVED **\$550K** USING GENERICS AT  
OUR INSTITUTION
- SEVERAL TRAUMA COMPANY OPTIONS

# 7. BONE GRAFT AND ORTHOBIOLOGIC UTILIZATION PROTOCOL

- Vallier et al ( OTA 2012) instituted a program  
“Limit BMP use to evidence based indications”
  - Reduced costs from \$470k to 78k

CAUTION

NOT TO EXCLUDE NEW TECHNOLOGY





## **8. PARTICIPATION IN HOSPITAL COMMITTEES**

- **MULTIPLE OPPORTUNITIES EXIST-  
ESPECIALLY SENIOR PHYSICIAN**
  - **CAN BE TIME CONSUMING**
- **PROVIDES VISIBILITY FOR YOUR GROUP AND  
SERVICE**
- **EXERT INFLUENCE WITHIN THE HOSPITAL  
SYSTEM**

# NOW THAT YOU HAVE SAVED 1 MILLION DOLLARS...

- **CALL PAY**
  - \$500-3000/24HRS
  - OTA WEBSITE, MGMA, FMV ASSESSMENT
- **TRAUMA DIRECTORSHIP, QUALITY LEADERSHIP**
  - \$200-300/ HR
  - MUST RECORD HOURS AND PROVIDE REPORT PER MEDICARE
- **PAYMENT FOR INDIGENT PATIENTS**
  - % OF MEDICARE OR MEDICAID

# ***Conclusions***



- ***GET COMFORTABLE WITH NEGOTIATING,  
LEARN THE NUMBERS***
- ***YOU AND YOUR HOSPITAL CAN MAKE  
MONEY IN THE FIELD OF ORTHOPAEDIC  
TRAUMA WHILE INCREASING PATIENT  
QUALITY, EFFICIENCY***
- ***HAVE FUN, IT'S A NEW ERA IN OUR  
PROFESSION***