The Future, Culture & Finances in Trauma: Considerations for a Successful Model

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Disclosures

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Summary

Understand Hospital Accounting Basics

- Volume is Key
- Known how margins are calculated

Stark Laws and other issues – be informed

Pulling it all together

- Hospital Physician Alignment Strategies
- What you can leverage with the hospital

Private Diagnostic Clinic - Duke

- PDC is a for-profit academic physician practice plan
- Duke School of Medicine and Duke University Hospital are both not-for-profit entities
- Stark laws and Anti-kickback statutes are in play

As of July 2023 – The PDC physicians are moving to employed practice Duke Health Integrated Plan (DHIP)

It took 5 years to do this - **TRUST is KEY!**

Learn The Basics

Hospital Administration Vocabulary

Financial Intelligence – Berman & Knight

Harvard Business School Press 2006

Management Accounting in Health Care

David Young Jossey-Bass Press 2003

Corporate Accounting

Companies record a "sale" of an item (and it's associated expense) when the item is sold or a service is delivered – but not necessarily paid for.

Profit is an estimate!

Hospitals do the same. The CEO will track Hospital Discharge Volumes or Surgical Case Volumes – the surrogate for sale of a product or service.

The ability to deliver Volume is Key!

Net Revenue Alone is not Meaningful!

Hospitals generate more revenue per admission in technical (hospital) charges than Orthopaedic Surgeons do in professional charges

Orthopaedic Traumatology: The Hospital Side of the Ledger, Defining the Financial Relationship Between Physicians and Hospitals. Journal of Orthopaedic Trauma. 22(4):221-226, April 2008.*Vallier, Heather A MD; Patterson, Brendan M MD, MBA; Meehan, Cynthia J MA; Lombardo, Thomas BS*

Hospitals bear more expense per admission than Orthopaedic Surgeons do too!

Management Accounting in Healthcare Organizations (David Young, Jossey-Bass Press 2003)

Understand how to calculate margins – VCM / DCM

Strategies to Partner with Your Hospital

Know your line of business!

What is your average length of stay (LOS)

What are your patient satisfaction scores

Is your hospital service line profitable

Do you understand the cost per implant you use

Who is your hospital service line administrator

Why Partner- What is the End Game?

1) Increasingly hospitals have the $ in health care

2) The highest quality and most cost efficient musculoskeletal care is provided in the setting of dedicated musculoskeletal medical resources.

3) Thus a “Hospital within a Hospital” is a realistic framework for a win-win strategy for Ortho Surgery – Hospital relations. Ideal for employed physicians.

“Hospital- Physician Alignment”

Hospitals judged on quality metrics

e.g. SCIP, SSI prevenbtion, DVT prophylaxis, Readmissions

Private Practice Physicians generally aligned to these initiatives by Medical Directorships

Employed Physicians may be aligned to these initiatives by salary incentives

Hospitals are more likely to invest in physicians who are willing to be engaged in their organization priorities

Alignment Structures

- Medical coverage agreements
- Medical directorships
- Gain sharing
- Joint ventures
- Support for care of un/under insured
- Service line management
- Employment agreements

Barriers to Providing Compensation for Specific Physician Activity

The Federal Anti-Kickback Statute

Prevents payment to providers for ***referral*** of Medicare/Medicaid patients to Hospitals and Clinics

Profit-Sharing allowed in some circumstances

The Stark Laws

Prevents payment of providers for ***referral*** of Medicare/Medicaid patients to providers of health care services the MD has a financial relationship with. "Stands in the Shoes" rule implicates Departmental relationships

Examples

At Duke PDC

A mid-level provider who works on the hospital ward to facilitate discharges – helps hospital and MDs

80% hospital funded / 20% MD funded

A first assist scrub in the OR facilitates care that both hospital and MDs bill for

80% MD / 20% Hospital funded

The Practical Application

You know what your practice needs

You have researched the AAOS, AOA, OTA, MGMA, independent sources, etc

You have a plan for strategic hires and growth

How do you approach your hospital or health system to gain support for your plan?

Advocate for Resources

- Call Pay – Make it a Patient Care discussion

  Reimbursement to replace elective practice when on call

  Payment to supplement under/non insured population

  Understand how often the On Call Doc actually comes in

  Additional resources – Midlevel providers, residents, etc

Advocate For Necessary Resources

Access to a trauma OR

Physician services agreements – for service line coverage

Hospital within a Hospital service line development

- Dedicated hospital services

Patient Safety/Quality

Patient safety is often described in a disjointed way

- Team training / Crew resource management
- Structured communication – SBAR
- Universal protocol – Timeouts

Consider PS as methodology to ensure high reliability in the delivery of safe care to **your** patient.

Compliments Evidenced Based Practice

Be A GME Advocate

Identify those rotations that are more service than education. Bring these to the attention of the hospital.

Look to your medicine colleagues to identify "Hospitalist" providers or MLP to help provide service coverage.

Employeed (Not For Profit) Surgeon Group

		Hospital / Service Line Profitable	
		Yes	No
Hospital Beds/ORs Full	Yes	**Manage Capacity:** Service Line Management Agreements, Partner to enhance OR Efficency, Partner to grow Ambulatory Platforms, Gain Sharing Agreements	**Improve Care Efficiency:** Understand costs for OR & entire length of stay, Work with OR nusing and anesthesia - TEAMs, Work to reduce costs of OR implants & equipment Service line management outside the OR
	No	**Grow volumes:** Service Line Management Agreements, Grow Cases with + VCM In-patient & ambulatory cases, Advocate for OR teams to increase volumes	**Grow Profitable Services and Improve Quality** Advocate for programs that can bring + margins, Focus on improving quality of patient care & outcomes Efforts to reduce costs of OR and post-op expenses Work with OR nusing and anesthesia - TEAMs,

Private Practice (For Profit) Surgeon Group

		Hospital / Service Line Profitable	
		Yes	No
Hospital Beds/ORs Full	Yes	**Manage Capacity:** Co- Management Agreements, Advocate for OR Efficency, Partner to grow Ambulatory Volume, Manage Risks of Stark Laws	**Improve Care Efficiency:** Partner to reduce costs for OR & entire length of stay, Advocate for OR nusing and anesthesia - TEAMs, Partner to reduce costs of OR implants & equipment Service line management outside the OR
	No	**Grow volumes:** Participate in Service Line Management, Grow Cases with + VCM Grow In-patient & ambulatory cases, Advocate for OR teams to increase volumes	**Grow Profitable Services and Improve Quality** Advocate for programs that can bring + margins, Focus on improving quality of patient care & outcomes Partner to reduce costs of OR and post-op expenses Work with OR nusing and anesthesia - TEAMs, Manage Risks of Stark Laws

How Can I Bring Value To The Hospital?

Add Revenue

Sustain and grow your case volumes

Manage Costs

Understand what contributes to the margin

Implant standardization

Paying attention to Length of Stay (LOS)

Unplanned return to ED / Admissions

SSI / VTE Prevention

Employed physicians can be incentivized for these metrics

Build The Culture Around Teams Providing Great Patient Care

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Thank You!