Details of the Study

The study followed 3,942 patients with lower extremity joint (hip and knee) replacements at the five-hospital Baptist Health System (BHS) network in San Antonio, Texas, a participant of BPCI, from 2008-2015. The study was published in JAMA Internal Medicine on January 3, 2017.

Why this Study – and the Results – are Important

CMS recently launched the mandatory Comprehensive Care for Joint Replacement (CJR) bundled payment model following its success in the voluntary BPCI demonstration projects. The CJR model will affect approximately 800 hospitals in 67 urban areas. This study was the first to combine hospital cost and Medicare claims data to identify the drivers of joint replacement cost savings (i.e. increased margin). Currently, there is little information to guide hospitals in redesigning care for bundles.

Furthermore, the results offer guidance for both health industry stakeholders and the new administration – led by President-elect Donald Trump and HHS Secretary nominee Tom Price – when considering new policies and their impact on the health of patients and communities nationwide. The results suggest major benefits for hospitals, physicians, and – most importantly – patients in bundled payment models.

Results

Of the 3,738 patients who received joint replacement surgery and had no significant pre-existing complications, there was a decrease of $5,577 (20.8%) in total spending per episode ($26,785 in 2008 to $21,208 in 2015). For the 204 episodes with complications, cost declined 13.8% from $26,785 to $21,208. Internal cost reductions accounted for 51.2% of overall hospital savings, while PAC spending reductions made up the remaining 48.8%. Reductions in implant and supply costs (29% or $1,920.68 per case) and decreased use of IRF and SNF institutional care (27% or 2,443.12 per case) accounted for most of the overall hospital savings. The study notes that both changes may be implemented rapidly without intensive investment in care coordination.

While the severity of patient conditions remained unchanged, prolonged hospital stays decreased by 67%, and readmissions and emergency department also declined (1.4% and 0.9%, respectively).

For More Information: Press Release; Original Study