



Q & A

Unique opportunity for savings under bundled payments

Q&A with Dr. Ian Kovach, Pratt Regional Medical Center

Fellow of the AAOS | South Central Kansas Bone & Joint Center

Q: How is the Comprehensive Care for Joint Replacement (CJR) model going to impact hospitals like Pratt Regional Medical Center?

A: The CJR program is coming down the pike and it's going to be here soon. It's already in place in some hospitals. The future may be a bundled payment system where the amount of money available is going to have to be distributed in reimbursement between the hospitals, surgeons, anesthesia, and everybody involved. That presents both risk and opportunity for surgeons. If we're on top of our game and can act proactively there is a potential to really improve care and also capitalize on some of the changes. Other financial pressures include issues with insurance related to the Affordable Care Act and more underinsured patients.

Q: Where did Pratt start when looking for ways to address the challenges that bundled payments will bring?

A: At Pratt we asked the question: why wouldn't we look at better distribution models if there's a way that we can maintain or improve our services and reduce the cost? Distribution models really should use available technology. What it boils down to is changing the sales distribution model to cut out the middleman expenses. It's a model in which we don't have sales representation available for standard routine primary cases, and where we also have the hospital purchasing inventory upfront so there isn't the consignment component. Our motivation for looking at new distribution models really was the mounting external financial pressures to reduce cost.

Q: What did you consider when evaluating different models?

A: The requirements for the model we were considering included:

- Proven excellent results with the implants available in the model. That had to include modern plastics, cross-linked plastics, also the availability of narrow femur components. We really wanted to be absolutely sure that it was safe to go rep-less. It's one thing to think about it, it's another thing to actually implement it.
- We also wanted the availability of support whenever needed for training and for difficult cases, as well as a mechanism for monitoring the components that are being installed for compatibility and currency.
- We required a prompt and accurate restocking program.
- Risk mitigation for the hospital, that's important because this is a fairly large expense for the hospital upfront.
- Finally, of course, competitive pricing.

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Q: How did you find a solution to meet all of those requirements?

A: We looked at a few models and it seemed clear that the Syncera model was the superior one. The implants available through this system are outstanding. It's the GENESIS® II Total Knee components, which are really with unparalleled outcomes. There's over 94%, 15-year survival in Australian Registry with these components.¹ The modern cross-linked plastics are available. What really clinched the deal was Smith & Nephew's willingness to "hybridize" the Syncera model with some of their standard inventory.

Q: Was training a concern?

A: Syncera was committed to a very thorough initial and recurrent training, with both professional onsite training during the transition and the availability to go on-site for recurrent training. There is also a system where they send the scrub techs and key staff to Memphis for additional saw bones training or cadaver lab training as necessary.

The other important element is that reps are available for cases when they're needed. Hybridizing the Syncera model with the Smith & Nephew components, and particularly utilizing the revision system from Smith & Nephew on a consignment basis, leaves us still with excellent access to sales representation.

Q: How is Pratt mitigating financial risk with Syncera?

A: Syncera has gone a long way to mitigate risk through a variety of measures. The first is a very fair and reasonable buyback program which allows the hospital to readjust its inventory in real-time going forward. There is a contract term but there is also a trial period at the beginning to validate with an option out. There are also quite flexible payment options or financing options.

The bottom line there is the risk to the hospital upfront was manageable, and the financial risk to the hospital is really quite small when compared to the gains that we could realize.

Q: Now that the hospital is engaged with Syncera, are you seeing the results you anticipated?

A: Our experience with Syncera now, six months into this program, has really met or exceeded all of our expectations. There was excellent transition coverage and excellent training for the technicians and nurses. We've had no issues with replenishments; it's been prompt as promised. We have first rate implants, as we knew going into it, with a very solid track record. Really there have been no issues with rep-less primary cases, and we've realized significant cost savings of over \$400,000 in the first six months.

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1. Australian Orthopaedic Association National Joint Replacement Registry: Annual Report 2016. Adelaide:AOA Annual Report. Available at: <https://aoanjrr.sahmri.com/annual-reports-2016>

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Printed in USA. 07084 V1 10/16