

Outpatient Facility Coding Alert

Do Your Surgeons Know Their Case Costs? Survey Says 'No.'

Case costs may point to opportunity to save money.

Orthopedics is a profitable specialty for ASCs, but it's time to start thinking about how your center can perform these procedures more profitably. "Although more dependent on commercial payers than say, ophthalmology, orthopedic procedures tend to have high reimbursement, and bring larger case volumes," notes **Sarah L. Goodman, MBA, CHCAF, COC, CCP, FCS**, president of the consulting firm SLG, Inc., in Raleigh, N.C.

The largest cost of a TJR is the implant, and the incentive to use a less expensive device can be significant, especially when there's not much evidence that a more expensive device is better for outcomes. This is especially true if you're receiving bundled payments—the lower your case cost the bigger your profit.

You already know that standardizing supplies among your surgeons can save big bucks, but it can be difficult to get physicians on board, especially when those physicians don't know what they're costing the center. Surprisingly, many surgeons don't know the actual cost of the devices they implant, according to a 2014 survey of 503 physicians at seven major academic medical centers published in Health Affairs. Surgeons were only able to correctly estimate the cost of a device 21 percent of the time, and their estimates ranged from 1.8 percent of the actual price to 24.6 times the actual price, the survey said.

The Lesson: Be sure to regularly review your surgeon's preference cards, benchmarking case costs and looking for outliers (both on the high and low end). Ensure that they understand case costing and where they fall in relation to other surgeons at your enter. Data will help them become more cost-conscious, and more open to standardizing supplies or at least considering lower-cost options.

Try This: Peer pressure—the good kind—is a great way to influence change, so consider appointing a "physician ambassador" to lend credibility to your mission and bring colleagues on board. Choose a surgeon whose case costs are significantly lower than others. Look at the supplies he or she is using, present them to other physicians, and ask if they would be interested in using that new supply.

Resource: To view the full survey, go to <http://content.healthaffairs.org/content/33/1/103.full#sec-6>.