The Future Of Venous Reimbursement In A Non-Fee For Service Environment

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DISCLOSURES RELEVANT TO THIS PRESENTATION

SCIENTIFIC ADVISORY BOARD
TACTILE MEDICAL
RADIUS VENTURES

CONSULTANT
HARVARD PILGRIM HEALTH CARE PLAN

Affordable Care Act (ACA) [2010]

Expanded health insurance coverage to more than 30 million uninsured Americans without increasing the deficit

IN THEORY
FIND A NEW PAYMENT MODEL, PURCHASE VALUE

CMS Innovation Center created in 2010 → $10 billion in ACA funding

New payment and care delivery models tested under 7 Categories

THE FUTURE IS NOW PAYMENT REFORMS HAVE ARRIVED
SYLVIA BURWELL HHS SECRETARY

Centers for Medicare & Medicaid Services (CMS) Announce Effort to Move From Fee-For-Service to Value-Based Payment and Delivery → January 27 2015
METHODS TO REDUCE THE COST OF MEDICARE

- INCREASE REVENUE
  - $8.5B
- DECREASE COSTS
  - $7B FOCUS OF TALK
- TAXES
  - HI COST INSURANCE $49.4B

ACO BUNDLED PAYMENTS

*UTILIZATION
*PRICE

FOCUS OF TALK

OBAMACARE

MACRA

TARGETS MDs

MERIT BASED PAYMENT SYSTEM (FFS)

ADVANCED ALTERNATIVE PAYMENT SYSTEM
→ VERTICAL INTEGRATION

PHYSICIAN

QUO VADIS?

Medicare Shared Savings Program [ACO] Section 3022

- A clinically integrated group of primary and specialty physicians who agree to a multiyear contract with Medicare or private payers
- → they assume risk for outcomes and savings of a Patient population

ROLE OF INTERVENTIONALISTS IN ACCOUNTABLE CARE ORGANIZATIONS

- Survey of 59 ACOs
- CURRENT Focus → managing chronic conditions and reducing hospital readmissions - “Working with the surgeons and the specialists just isn’t at the top of the list. It’s something they’d like to do later on,” FOCUS → PRIMARY CARE MDs
- Difficult to Determine Shared Savings with Surgeons
- GOAL-Reducing unnecessary surgeries → achieved by helping PCPs to change their referral patterns rather than targeting the surgeons themselves → Medical Rx or Refer to “Conservative Surgeon”
ACOs may be good at reducing the number of surgeries, but not at making the surgeries that have to happen more efficient.

Only 9/13 Original Pioneer ACOs Remain

Bundled Payment Model → a much more direct way to reward surgeons, who are practicing efficiently

SERVICE-ORIENTED REIMBURSEMENTS

BUNDLED PAYMENT- Method in which payments to health care providers are related to the predetermined expected costs of a grouping, or “bundle,” of related health care services

CRITERIA FOR A PROCEDURE SPECIFIC BUNDLE

• Adequate & Relevant Data for Analysis
• Elective & Non-Emergent Procedure
• Should Have a Measurable Variation in Resource Use
• High Volume &/or High Cost

TOP CMS INPATIENT PROCEDURES (2013)

<table>
<thead>
<tr>
<th>PROCEDURE</th>
<th>NUMBER</th>
</tr>
</thead>
<tbody>
<tr>
<td>#1 Arthroplasty knee</td>
<td>700,000</td>
</tr>
<tr>
<td>#2 PTCA</td>
<td>700,000</td>
</tr>
<tr>
<td>#3 Laminectomy</td>
<td>470,000</td>
</tr>
<tr>
<td>#4 Hip replacement</td>
<td>468,000</td>
</tr>
<tr>
<td>#5 Spinal Fusion</td>
<td>451,000</td>
</tr>
<tr>
<td>#6 Cholecystectomy</td>
<td>406,000</td>
</tr>
<tr>
<td>#14 CABG</td>
<td>203,000</td>
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</tbody>
</table>

OF TOP 5 → 4 ORTHOPEDIC PROCEDURES

DETERMINE VOLUME & COSTS OF FREQUENTLY PERFORMED VENOUS PROCEDURES

QUERY CMS DATA BASE FYs 2013 & 2014

CMS VENOUS PROCEDURES

<table>
<thead>
<tr>
<th>PROCEDURE</th>
<th>FY 2013</th>
<th>FY 2014</th>
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<tbody>
<tr>
<td>EVTA</td>
<td>158,170</td>
<td>169,980</td>
</tr>
<tr>
<td>IVC DEVICE</td>
<td>52,390</td>
<td>48,670</td>
</tr>
<tr>
<td>ILIAC STENT</td>
<td>52,680</td>
<td>34,990</td>
</tr>
<tr>
<td>T'LYSIS</td>
<td>5,320</td>
<td>5,500</td>
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</table>

FLUNK THE HIGH VOLUME TEST
INDIVIDUAL CMS REIMBURSEMENT FOR VARIOUS PROCEDURES

<table>
<thead>
<tr>
<th>Procedure</th>
<th>Reimbursement</th>
</tr>
</thead>
<tbody>
<tr>
<td>TKR/PTCA</td>
<td>$45 K</td>
</tr>
<tr>
<td>EVA</td>
<td></td>
</tr>
<tr>
<td>STENT</td>
<td></td>
</tr>
<tr>
<td>FILTER</td>
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</tbody>
</table>

NO CURRENT CMS BUNDLED VASCULAR PROCEDURE [MORE LIKELY ON THE ARTERIAL SIDE OR WOUNDS]

FLUNK THE HIGH COST TEST

LET ALONE VENOUS SPECIFIC ONE

CONCLUSIONS

• What President Trump will do is difficult to Predict
• One Target → Eliminate/Modify MACRA
• SVS’s Suggestion to Form an ACO Holds Potential for Vascular Surgeon, because of the Elements exist already
• Bundled Products Appear as a Limited Option Currently