Strategies for Decreasing Costs Without Decreasing Success in A PVD Practice

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Disclosures:
In the past 12 months, my spouse or myself have engaged in financial relationships as follows:

- Consultant:
  - Boston Scientific, Medtronic
- Advisory Panel:
  - The Medicines Company
- Speakers Bureau:
  - Medtronic, Abbott, Endologix
- Research Support:
  - Philips Healthcare, Venite, Bard, BTG, Boston Scientific, Penumbra, Angiodynamics
- Clinical Events Committee:
  - Shockwave (Disrupt PVD), Intact Vascular (TOBA-2)

Advisory Board 2015

<table>
<thead>
<tr>
<th>Volume Trends for Select Cardiovascular Interventions</th>
<th>Medicare Fee-For-Service Procedures, 2005-2013</th>
</tr>
</thead>
<tbody>
<tr>
<td>Intervention</td>
<td>2005</td>
</tr>
<tr>
<td>Coronary Artery</td>
<td>464,597</td>
</tr>
<tr>
<td>Endovascular Revascularization</td>
<td>302,330</td>
</tr>
<tr>
<td>Peripheral Artery</td>
<td>117,032</td>
</tr>
<tr>
<td>Endovascular Revascularization</td>
<td>5,899</td>
</tr>
<tr>
<td>Venous Ablation</td>
<td>38,545</td>
</tr>
<tr>
<td>Lower Extremity Bypass</td>
<td>124,959</td>
</tr>
<tr>
<td>Lower Extremity Angioplasty (All Cases)</td>
<td>54,775</td>
</tr>
</tbody>
</table>

1. Supervised Exercise should be supported as a therapy for claudication by CMS
2. Critical Limb Ischemia is a catastrophic diagnosis with significant disparities in access and quality of care.
3. Critical Limb ischemia should receive aggressive medical and revascularization therapy to prevent major adverse events

Advisory Board 2015

January 2015

Medicare Payments Surge for Stents to Unblock Blood Vessels in Limbs
By JULIE CRONWALL and RENEE ADELNOV JANU 26, 2015
At a time of increasing scrutiny of procedures to open blocked heart arteries, cardiologists are turning to — and raking huge payments from — controversial techniques that relieve blockages in the arms and legs.

July 2015

MEdCAC Meeting 7/22/2015 - Lower Extremity Peripheral Artery Disease

Vascular Specialist Response to Medicare Evidence Development Coverage Advisory Committee (MEdCAC) Panel on Peripheral Artery Disease of the Lower Extremities

1. Supervised Exercise should be supported as a therapy for claudication by CMS
2. Critical Limb ischemia is a catastrophic diagnosis with significant disparities in access and quality of care.
3. Critical Limb ischemia should receive aggressive medical and revascularization therapy to prevent major adverse events
Population Health

• Bundles for indirect costs/disposables
• Bundles for Episodic care
• Value Based Care

What about the new technology (DCB, DES, Atherectomy?)

• Have we standardized care?
• Can we defined best practice?
• What impact has it had on our COSTS?
• Does this help the hospital make changes towards population health?

How Much Does This Cost?

• Many interventionalists have no idea
  – Cost of equipment used in a case
  – Total cost of the case
  – Downstream cost
• We are getting better!
  – External pressure
  – Shared risk models
  – Outpatient ownership

Component Cost: Simple Is Cheap

- 6 French sheath - $9
- 0.035” J Wire - $8
- “Cheap” Nitinol Stent - $700
- “Commodity” Balloon - $98

Total $815

(Prices vary depending upon location and vendor contract)

Stents Vary Widely in Cost

- Paclitaxel-coated $1795
- 15 cm PTFE-Covered $3495

5X

(Prices vary depending upon location and vendor contract)
Why You Need to Know These Costs

- Medicare is the single biggest payer for healthcare services
- Fixed payment to hospital for a specific procedure
  - Diagnosis-related group (DRG)
  - Ambulatory payment classification (APC)
- 2018 APC femoral angioplasty and stent: $10,500

Hospital Profit/Loss: Outpatient Femoral Stent Procedure

<table>
<thead>
<tr>
<th>Scenario</th>
<th>Cheap Stent</th>
<th>PTFE Stents</th>
<th>Woven Stents</th>
</tr>
</thead>
<tbody>
<tr>
<td>APC</td>
<td>$10,500</td>
<td>$10,500</td>
<td>$10,500</td>
</tr>
<tr>
<td>Stent</td>
<td>-$790</td>
<td>-$6990</td>
<td>-$5,550</td>
</tr>
<tr>
<td>Balloon (1 or 2)</td>
<td>-$98</td>
<td>-$300</td>
<td>-$600</td>
</tr>
<tr>
<td>Crossing Catheter</td>
<td></td>
<td></td>
<td>-$115</td>
</tr>
<tr>
<td>Re-Entry Device</td>
<td></td>
<td></td>
<td>-$2,400</td>
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<tr>
<td>Remaining</td>
<td>$9,702</td>
<td>$3,210</td>
<td>$1,835</td>
</tr>
</tbody>
</table>

Practice Trends for Claudication: The year before and after DES/DCB

Mean LOS is 1.33 days

Mean LOS is 1.59 days

Inpatient Direct Costs by Area

<table>
<thead>
<tr>
<th>2014</th>
<th>2015</th>
</tr>
</thead>
<tbody>
<tr>
<td>Area 1</td>
<td>$14,123</td>
</tr>
<tr>
<td>Area 2</td>
<td>$11,019</td>
</tr>
</tbody>
</table>

Mean Inpatient Profit/Loss

In 2014 124/360 (34%) were losses
In 2015 189/441 (43%) were losses
### Hospital panel supports CMS plan to cut payments for some cardiac devices

Cedar- Sinai, a Los Angeles-based hospital, is considering a plan to cut payments for some cardiac devices. The hospital panel supports CMS's initiative to reduce payments to hospitals for certain cardiac devices, including pacemakers and defibrillators, to align with Medicare payment rates.

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### Summary

- We all MUST start considering COST as our practices evolve.
- This is not only good business but is increasingly on the radar of the payor system.
- Practices that do not understand and audit costs will be less and less competitive in the new healthcare economic landscape.