Total Joint Arthroplasty Does Not Require a 2 Midnight Stay to be Considered Inpatient

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Disclosures

- Member of AAHKS Advocacy Committee
  - Health Policy Fellow

Why is this Important?

- Many patients are sick enough that they cannot safely be done as a same day surgery, but their hospital stay may not cross two midnights
- Those patient often require “more than routine” postoperative care by hospitals and physicians that should be reimbursed
- Keeping a patient overnight and only billing as an outpatient procedure results in a financial burden for hospitals

Medicare Fee-for-Service Price Difference Outpatient vs Inpatient Total Joint Arthroplasty

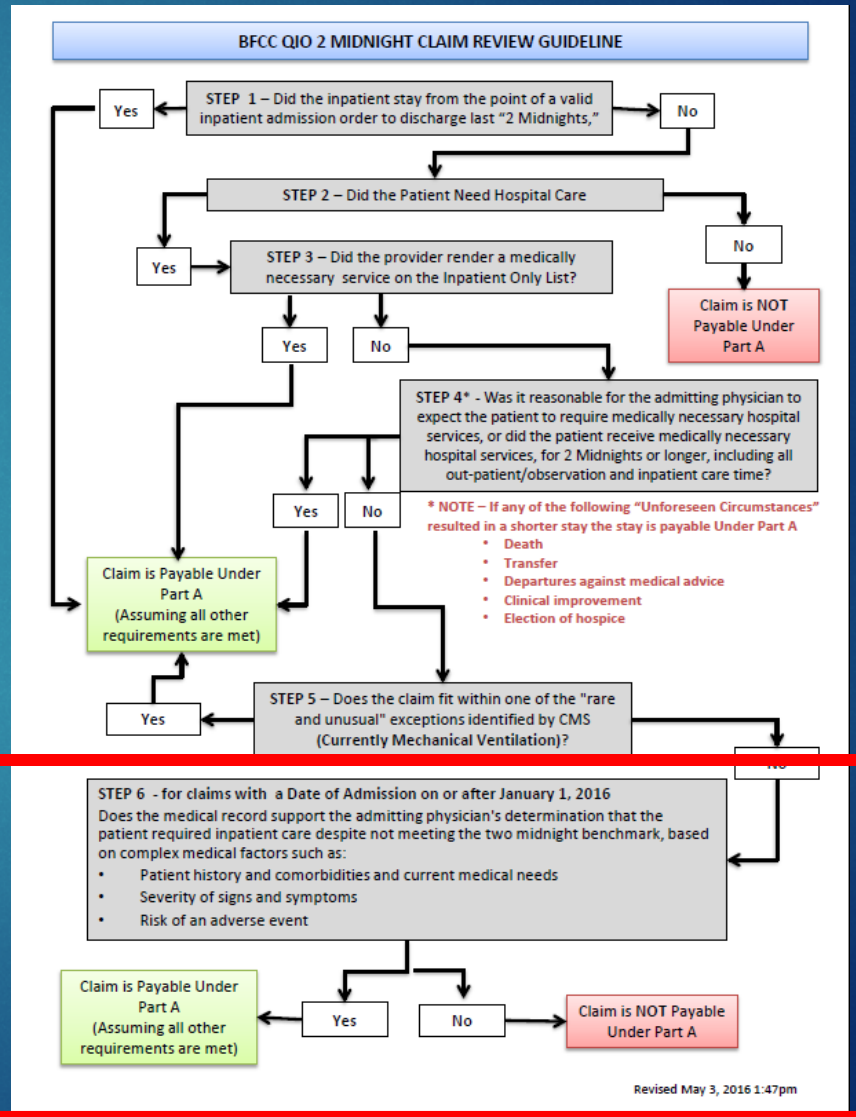
- Fall River, Massachusetts
  - Outpatient TJA: $14,364.36
  - Inpatient TJA: $15,923.13
- Boise, Idaho
  - Outpatient TJA: $12,036.47
  - Inpatient TJA: $15,869.58
- Manhattan, Kansas
  - Outpatient TJA: $11,418.76
  - Inpatient TJA: $11,946.23
- New York Metropolitan Area
  - Outpatient TJA: $15,065.59
  - Inpatient TJA: $24,331.33
- Dallas-Fort Worth Area
  - Outpatient TJA: $16,443.97
  - Inpatient TJA: $22,892.46
- Los Angeles, California
  - Outpatient TJA: $16,443.97
  - Inpatient TJA: $22,892.46

CMS Rules Guiding TJA Inpatient

- CMS-1559-F/CMS-1633-F
  - Established the 2MN rule and clarified rules for 1 midnight inpatient stays
  - Revisited in MLN Matters Issue SE19002
- CMS-1678-F
  - Removed TKA from the IPO list
- CMS-1717-F
  - Removed THA from the IPO list

CMS-1559-F/CMS-1633-F

- What may qualify for inpatient single midnight stay?
  - Patients with significant medical comorbidities that pose a greater risk of postoperative complication if performed on an outpatient basis.



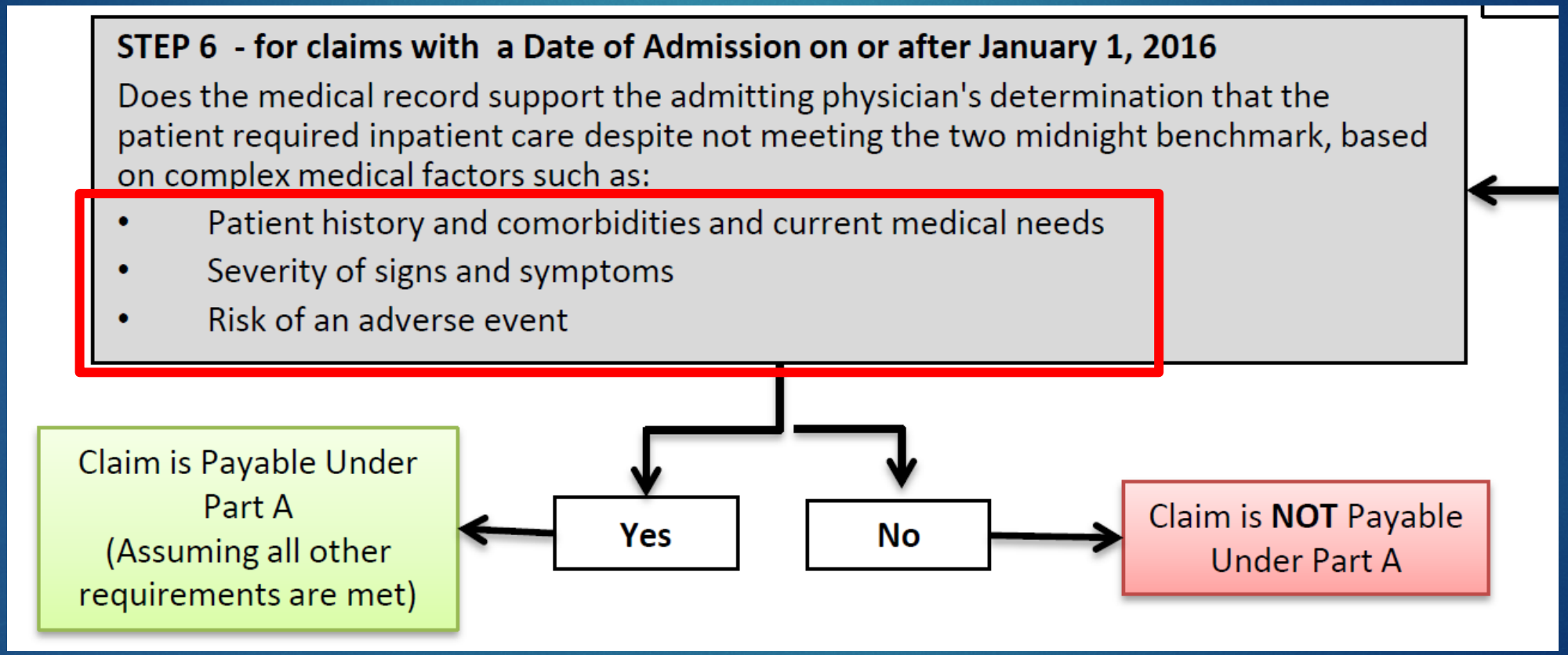
DEPARTMENT OF HEALTH & HUMAN SERVICES
Centers for Medicare & Medicaid Services
7500 Security Boulevard, Mail Stop C2-21-16
Baltimore, Maryland 21244-1850

CMS
CENTERS FOR MEDICARE & MEDICAID SERVICES

Center for Clinical Standards and Quality/ Quality Improvement and Innovation Group

Ref: BFCC-QIO 2 Midnight Claim Review Guideline

CMS-1559-F/CMS-1633-F



Single Midnight Inpatient Strategy

- “Let-in-let-out” factors are documented into chart as a part of TJA workflow
- Criteria is pulled into a STANDARDIZED H&P that is used for prior authorization/admission for all surgeons
- Criteria triggers documentation “Smart phrase/Smart Lists” during the admission that helps document medical necessity for inpatient stay
- All single midnight cases undergo tertiary review after discharge to ensure sufficient documentation is present to support inpatient stay

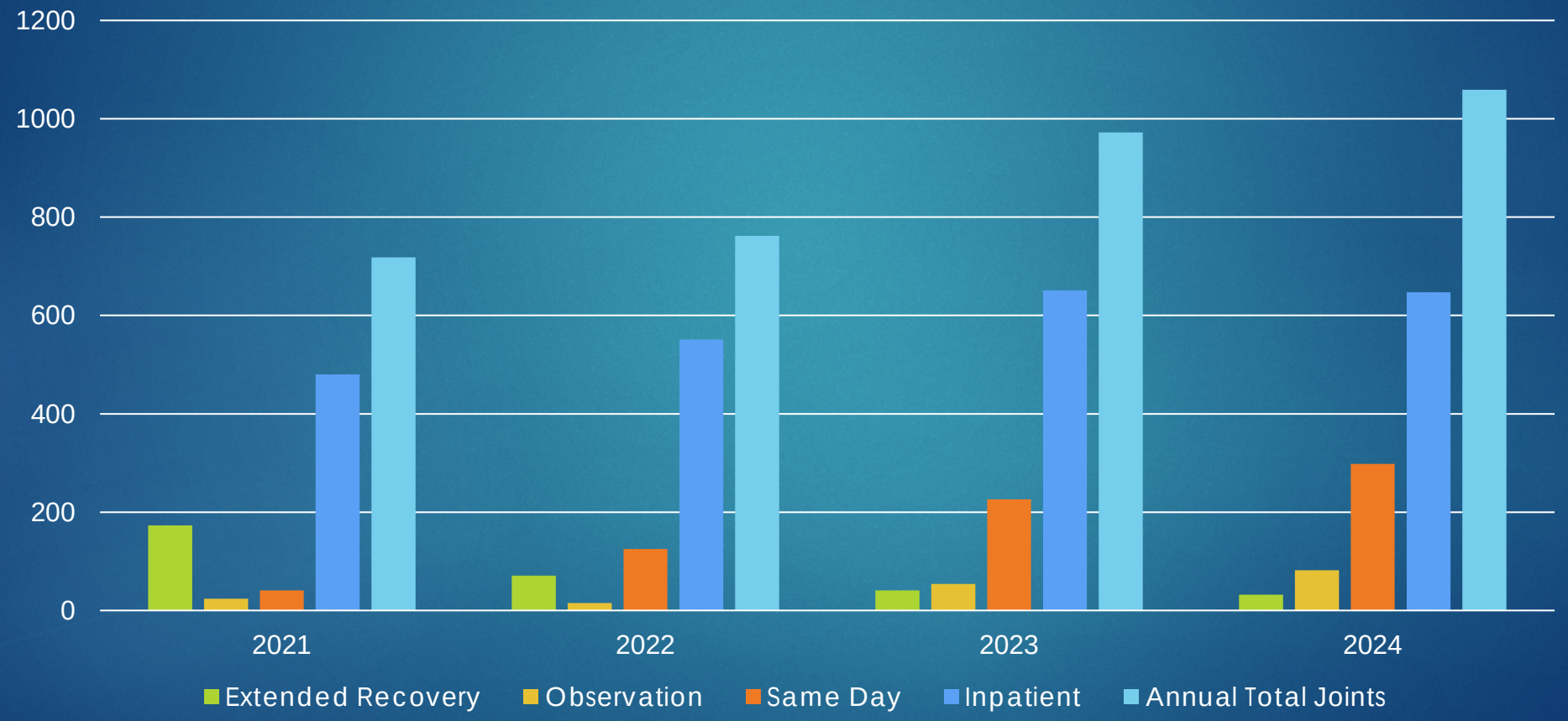
Let-In-Let-Out Criteria

Personalized criteria developed based on available literature as well as proprietary data identifying "critical factors" that individually pose a statistically significant risk of a postoperative complication that resulted in a 2 midnight stay or 30-day readmission

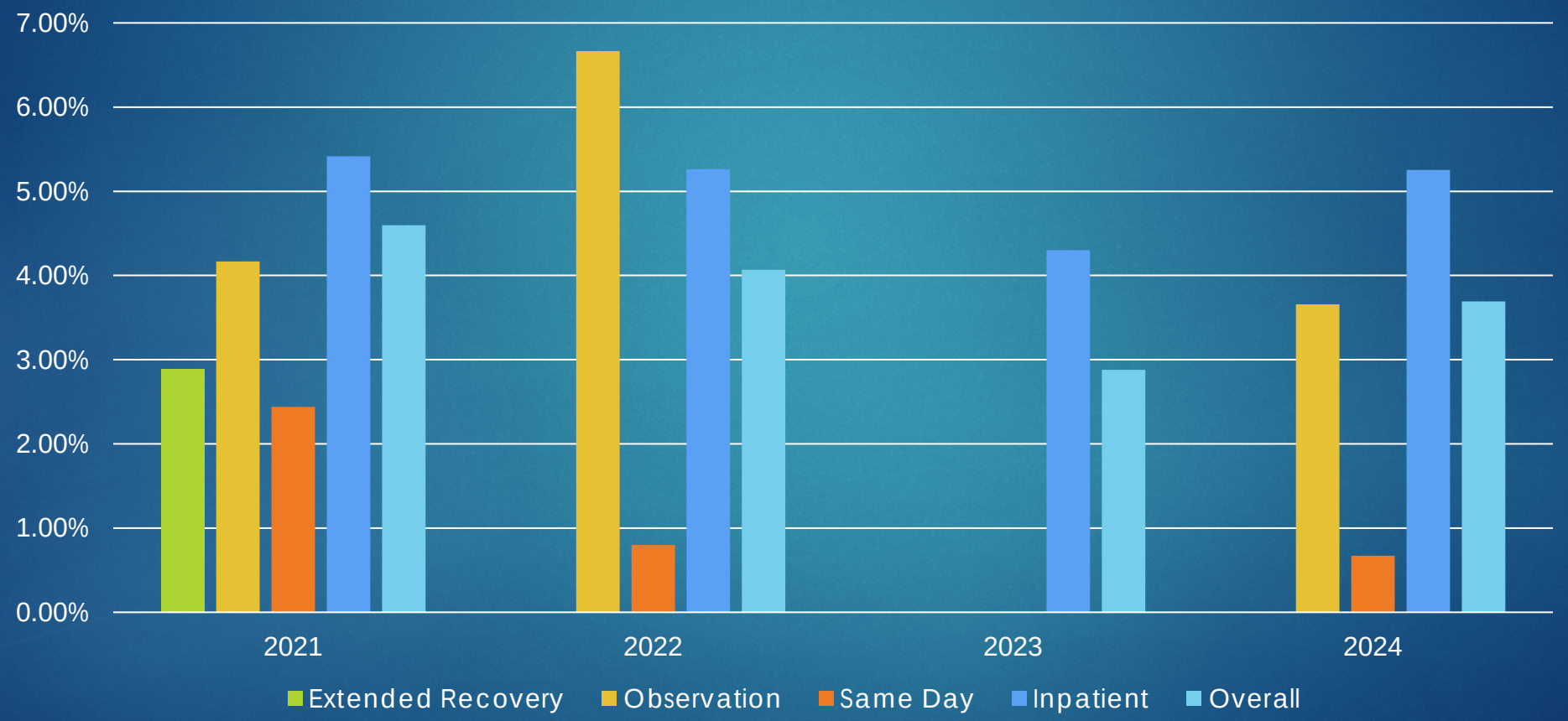
- mFL-5 Frailty Score ≥ 3
- RAPT Score ≤ 9
- Age ≥ 80
- BMI ≥ 40
- COPD requiring chronic (non-PRN) medication or home oxygen
- Obstructive sleep apnea requiring use of overnight CPAP/BIPAP or prescribed CPAP/BIPAP and noncompliant with use
- Congestive heart failure, NYHA Class III/IV
- Coronary artery disease
- Coronary artery revascularization procedure and/or myocardial infarction within the last 5 years
- CKD ≥ stage 3b (GFR<45)
- Liver failure/cirrhosis (Pugh-Child Score ≥ B)
- Chronic use of anticoagulants other than aspirin
- History of dementia or cognitive dysfunction
- Chronic narcotic use other than Tramadol > 6 months
- Preoperative anemia with Hgb < 12g/dl ♀ and <13g/dl ♂ or Hct < 36 ♀ and < 39 ♂
- Alcohol consumption AUDIT-C score "HIGH"
- Albumin < 3.5 g/dl
- Severe deformity requiring more complex reconstruction or a revision reconstruction procedure
- Impaired functional status unrelated to joint condition

Clinical and Operational Impact of the Single Midnight Inpatient Strategy

Elective Primary and Revision Arthroplasty Cases by Admission Status (Fiscal Year)

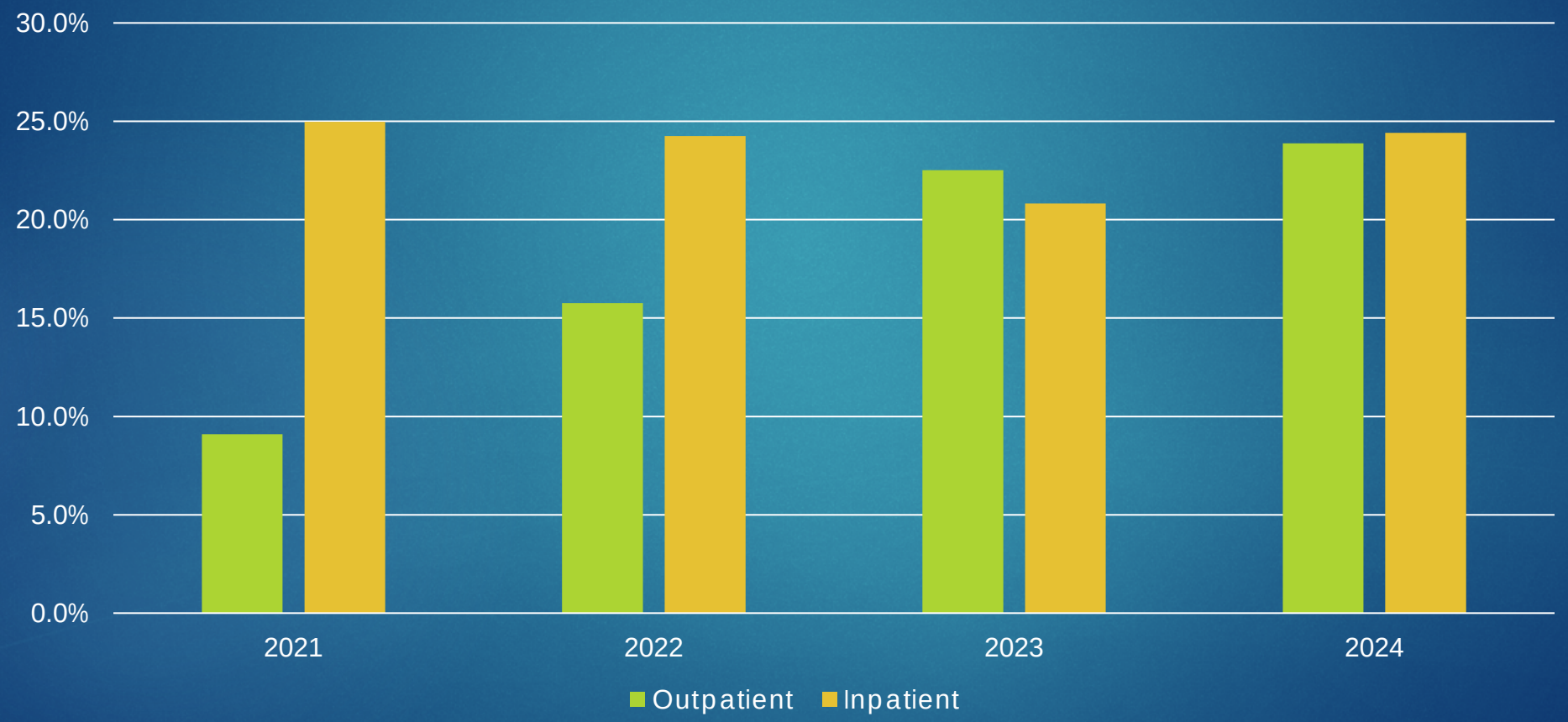


Impact on 30-day Readmission Rate (Fiscal Year)



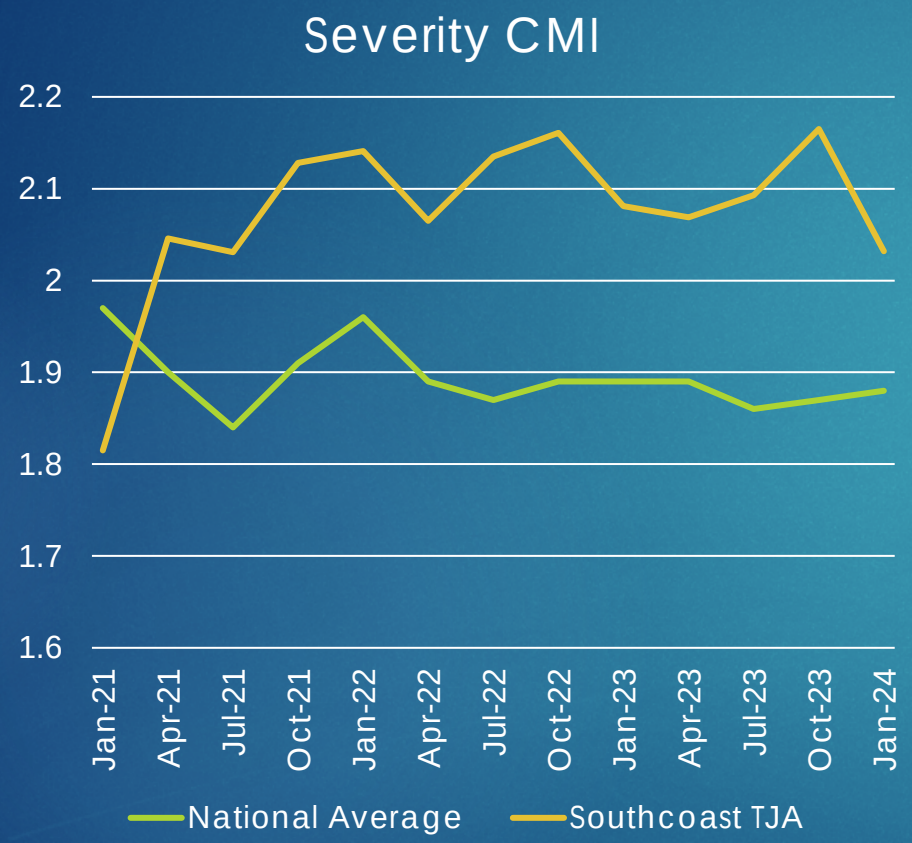
*Readmission data for elective total joint arthroplasty cases from Epic Systems Corporation, Slicer Dicer tool. Accessed October 10, 2024

Impact on Contribution Margin Ratio



*McKesson Horizon Business Insight , McKesson Inc. Accessed October 10, 2024

Impact on Severity Case Mix Index



- Case Mix Index represents a weighted average of MS-DRG and APR-DRG inpatient admissions
- It can be used a proxy for how sick a patient is during their admission

*ClinIntell Database: Severity CMI Data, ClinIntell, Inc. Accessed October 10, 2024. https://southcoasthealth.clinintell.com

Conclusions

- Being able to bill single midnight stays as inpatient through a robust preoperative and inpatient documentation strategy:
  - Reduces readmissions by discriminating patients to the appropriate level of care
  - Increase contribution margin ratios by reducing single midnight outpatient stays
  - Maintain above average CMI by assigning sicker patients to inpatient levels of care and systematically documenting medical necessity

Implication for Transforming Episode Accountability Model (TEAM) 2026

- TEAM will pay set capitation based on inpatient versus outpatient primary TJA
- Discriminating patients to the appropriate level of care is the first step in reducing costs for primary TJA
- Documenting medical necessity and establishing a single midnight stay as inpatient will allow hospitals to utilize a greater reconciliation price for that 30-day episode of care

Thank You