

SURGICAL SPOTLIGHT

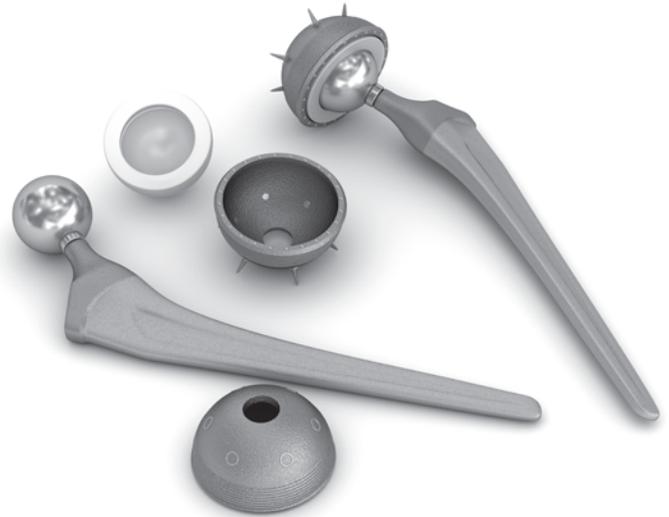
FALL, 2017

Market News

► **US IMPLANTABLE MEDICAL DEVICES MARKET TO REACH \$73.9B IN 2018**

The U.S. implantable medical devices market stood at \$43.1 billion in 2011 and is predicted to reach \$73.9 billion by 2018, according to a Transparency Market Research report. Analysts predict the orthopedic implant segment will dominate the market through 2018. Within that segment, reconstructive joint replacements will experience the fastest growth.

Source: transparencymarketresearch.com and digitaljournal.com



► **5 REASONS WHY SPINE CARE WILL BOOM IN THE NEXT DECADE**

By Stefano Sinicropi, MD — President and CEO, Midwest Spine & Brain Institute

According to the President and CEO of Midwest Spine & Brian Institute, there are five main reasons why spine care will come to the forefront of healthcare in the coming decade:

- 1 More Sports Injuries** – More children and teens are playing sports than in years past. Single sport specialization has been linked to a higher rate of injuries, especially in growing children. Driven by repetitive athletic training in China and the US, medical experts project significant growth in the spine care market.
- 2 Obesity** – There are higher rates of obesity in both children and adults every year. Obesity stresses the spine, which is tasked with shouldering the excess weight. With every step, your spine becomes more stressed which leads to degeneration and spinal problems.
- 3 Aging Population** – According to a recent GlobalData report, the aging population is expected to help fuel the spinal market over the next few years. The US spent \$4.19 billion on spine care in 2016, and that's projected to increase to \$5.73 billion by the year 2023.
- 4 Better and Less Invasive Techniques** – Another reason why the spine care market is set to grow in the coming years is due to better techniques. Patients who may have put off surgery are now willing to undergo an operation because the success rate has increased and patients aren't out of commission for as long.
- 5 Better Implants** – The spine market will continue to thrive in the coming years because device manufacturers are getting better at developing more durable and biocompatible implants. Not only are surgeries getting less invasive, but the implants themselves being manufactured in more ergonomic and durable ways to give the patient a more comfortable lifestyle with extended pain relief. Again, this leads those who wouldn't normally undergo an operation to seek surgical options.

Regulatory Updates

► CMS PROPOSES 2 NEW SPINE CODES FOR THE ASC PAYABLE LIST

The Centers for Medicare & Medicaid Services (CMS) released the 2018 proposed rule for hospital outpatient departments and proposed adding two new spine procedures to the ASC payable list, according to the Ambulatory Surgery Center Association (ASCA).

The two new spine codes include:

- 1 Cervical artificial disc arthroplasty: 22856
- 2 Second-level cervical discectomy: 22828

► CMS PROPOSES 3 PROCEDURES BE ADDED TO THE ASC COVERED PROCEDURES LIST

They are:

- Total knee arthroplasty
- Partial hip arthroplasty
- Total hip arthroplasty

Physician Group Spotlight

► SIGNATURE MEDICAL GROUP: DEFINING THE VALUE OF PATIENT-REPORTED OUTCOMES (PROS)

Below are excerpts from an article written for codetechnology.com by Paul Bruning, Director of the Orthopedic Service Line for Signature Medical Group.

Defining value-based care requires considering perceptions of quality and patient experience, along with comparative outcomes and total cost of care. One of the most prevalent means of measuring and comparing quality through outcomes is utilizing patient-reported outcomes (PROs).

Individuals see providers for pain, disability, and to regain function within their daily lives. PROs use provided measures that demonstrate patient status when first reporting to the provider, and then at specific increments during and following care. Treatments should improve PRO scores. When compared to other providers, PRO scores can demonstrate quality compared to the cost and provide payers with a measure of value offered to their beneficiaries.

Payers can compare providers and incentivize those providers who consistently out-perform peers. PRO results can be posted on websites to demonstrate quality and value provided to patients and payers.

This transparency provides patients with a true measure of quality when making determinations on value. If provider A has better outcomes (PRO) data than provider B, and provider A charges X as compared to provider B charging Y (for the same care or procedure), patients then have the information available to decide and seek care based on a true measure of value (quality over cost).

Medicine is a service industry. If individuals would not stay at a hotel (poor value because of quality or cost), that service would not be needed or sought. Likewise, if there were no patients, a provider would not be needed and hospitals would be empty. PRO measures provide an important tool for collecting data on services provided and the value they offer, making PRO data collection necessary for providing “value” information as health care moves to value-based reimbursement.



Did You Know?

▶ SPINE SURGEONS PERFORM FUSION ON 7.5% OF PATIENTS ON AVERAGE: 5 KEY TRENDS

Written by: Laura Dyrda | Becker's Spine Review



A new study published in *Spine* examines whether demographic factors affect spinal fusion rates.

The study's authors analysed CMS data of U.S. surgeons who performed 11 or more separate spinal fusion procedures between 2011 and 2013. There were 3,979 spine surgeons included in the study, performing spinal fusion on 171,676 patients. The authors found:

- 1 Surgeons perform spinal fusions on around 7.5% of their patients on average.
- 2 Academic surgeons had a higher fusion rate than private practice surgeons.
- 3 Neurological surgeons were more likely to perform fusion than orthopedic surgeons.
- 4 Surgeons practicing in the West were more likely to perform surgery than those in the Midwest, South and Northeast.
- 5 The number of years a physician was in practice was negatively correlated with their spinal fusion rate.

"Significant variation in the rate of spinal fusion based on practice type, training, region and experience suggests poor consensus on indications for this procedure," the study's authors concluded. "Knowledge of these relationships may help identify underlying reasons for variation in surgical care and improved surgical outcomes."

▶ 8 MOST COMMON BILLING ERRORS

Written by: Mary Rechteris | Becker's Spine Review

A Medlimal Healthcare Solutions report found **80 percent** of medical bills contain minor mistakes, at the very least, according to News Max.

Here are the eight most common types of billing errors

- Duplicate charges
- Cancelled test or procedures
- Incorrect quantity
- Unbundled charges
- Anesthesia and/or operating room time
- [For in-network patients] Balance billing
- Upcoding charge
- Inaccurate patient information

Utilizing ForeSight's surgical implant specialized bill review services will ensure that you are protected against billing errors. The ForeSight review process is centered on providing reliable, objective reviews that are based on what implantable devices should include and should cost.

(In)sights

Physician Owned Distributorships (PODs) have a substantial and ever increasing presence in the implantable device marketplace. Healthcare fraud and abuse companies have indicated concern over this growing trend stating that physician owned medical device distribution and purchasing companies serve little purpose other than financial gain for the physician owners.

Companies not owned by physicians most commonly supply implantable devices to hospitals through their staff or contracted sales representatives. However, some physicians, including surgeons who implant surgical devices, have ownership stakes in these device companies. These physician-owners can include surgeons who implant the PODs' devices, translating that the physician owners have an opportunity to profit from using the devices their PODs sell. The Centers for Medicare & Medicaid Services (CMS) explains that the "financial incentives paid to the physicians (who invest in PODs) may raise quality of care concerns and lead to overutilization of the device or other product to which the physician is linked."

On the other side of the argument, PODs assert that their devices cost less than devices provided by other device companies. And at ForeSight, we have seen a small number of physician owned distributors who do purchase the device at a reduced rate. However, through the implantable review process, ForeSight has identified many examples of implantable devices billed at multiple times the standard market rate. In looking at the details on the implantable device supply chain, many of these devices are distributed through a POD.

Sources: Centers for Medicare & Medicaid Services. US Dept. of Health and Human Services Office of Inspector General - Spinal Devices Supplied by Physician-Owned Distributors: Overview of Prevalence and Use



Research and Development

► RESEARCHER DEVELOPING COATINGS THAT HELP MEDICAL IMPLANTS RESIST INFECTION, CLOTTING

Hitesh Handa, an assistant professor in the UGA College of Engineering, is working to develop polymer coatings for medical implants that help prevent infections and clotting – complications that lead to thousands of deaths in the US each year. The biocompatible polymer coating not only prevents biofilm growth (which is a cause of infections) but also attacks harmful bacteria by releasing nitric oxide, a naturally occurring gas with potent antimicrobial properties. Handa's work recently attracted a four-year, \$1.5 million research grant from the National Institutes of Health.

If successful, Handa believes his nitric oxide-releasing coatings will be applicable to a wide range of medical devices and implants including vascular grafts, stents, urinary catheters and endotracheal tubes.

Source: University of Georgia News Service



Data Security – What You Need to Know

Security breaches have been in the news lately at an alarming rate. A security breach is any incident that results in unauthorized access of data, applications, services, networks and/or devices by bypassing their underlying security mechanisms. A security breach occurs when an individual or an application illegitimately enters a private, confidential or unauthorized logical IT perimeter. The most recent breach with Equifax left 145 million consumer files compromised. Additionally, Yahoo announced that its own breach in 2013 affected all 3 billion of its users. While all of these breaches are well publicized, what you may not know is the number of breaches that affect our industry – the healthcare industry:

- In 2016, the Health/Medical sector was the second highest industry that had breaches (behind the Business sector).
- In 2016, hacking/skimming/phishing was the #1 cause for data breaches.
- And although everyone complains about changing their passwords, a weak password is still one of the top five ways any hacker gets into a system. Therefore, it makes sense for any compliance regimen to include a comprehensive password policy.

At ForeSight Medical, data security is our top priority. We are undergoing a Hi-Trust Validated Assessment and expect to conclude by year-end. Last year we successfully completed a SOC 2 – Type 2 examination, and renew this on an annual basis. In addition, we have completed the ISO 27001 Gap Assessment, which is an audit that reviews ForeSight's practices related to protecting the confidentiality and security of data, as well as organizational policies and procedures. ForeSight continuously monitors its security policies and implements additional measures to enhance security on a routine basis.

Source: techopedia.com, washingtonpost.com and idtheftcenter.org

Company News

Encompass is proud to add the following leading Physician Groups to its Specialty Surgical Management Program:

- TOCA (Phoenix, AZ)
- OrthoTennessee (Knoxville, TN)
- Illinois Bone and Joint Institute (Chicago, IL)
- Mid America Orthopedics (Wichita, KS)
- Orthopedic Institute of Central NJ
- The Orthopaedic Institute (Gainesville, FL)
- Tucson Orthopedic Institute (Tucson, AZ)