Impact of Economic Incentives on Patient Selection of Surgical Facility

Commentary on an article by James C. Robinson, PhD, et al.: “Consumer Choice Between Hospital-Based and Freestanding Facilities for Arthroscopy: Impact on Prices, Spending, and Surgical Complications”

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Because of pressures to contain health-care-related costs, the proportions of procedures performed in the outpatient setting continue to increase across the surgical subspecialties. Correspondingly, advancements in anesthesia and surgical technique have further enabled this shift in the operative setting. Similarly, the frequency of outpatient orthopaedic procedures continues to increase because of greater operating room efficiency, decreased overhead costs, and lower risk of nosocomial complications.

In their article, Robinson et al. utilize insurance claims data from the California Public Employees’ Retirement System (CalPERS) to assess the impact of reference-based benefits on consumer selection of the surgical facility (hospital outpatient departments compared with freestanding ambulatory surgery centers) for knee or shoulder arthroscopy. By implementing reference-based benefits, patients are required to pay the difference in costs if they elect to undergo surgery at a higher-priced facility. The authors compared the proportion of CalPERS patients undergoing shoulder or knee arthroscopy before and after the implementation of reference-based benefits and designated private insurance patients (who were not subject to reference-based benefits) as the control group.

Following reference-based benefits implementation, significantly higher proportions of CalPERS patients elected for the lower-priced ambulatory surgery centers than the hospital-based outpatient departments for both shoulder and knee arthroscopy to avoid paying the difference in costs. In contrast, the private insurance patients who were not subject to reference-based benefits demonstrated no changes in their behavior in surgical facility selection. In this article, patients appear to be highly sensitive to policies requiring higher out-of-pocket expenses as consumers of health care. The authors also report that CalPERS was able to reduce spending by 13% in the first two years following reference-based benefits implementation, but there were no significant differences demonstrated in the ninety-day complication rates.

Patient involvement in clinical decision-making is increasing for the purposes of optimizing orthopaedic care outcomes. The authors’ depiction of patients as active consumers in the health-care marketplace is pertinent in the context of increasing health-care-related expenditures. As orthopaedic surgeons, understanding the impact of existing and future financial incentives that patients encounter is crucial. If this article is any indication, anticipating future implementation of payment policy changes by payers is not only practical, but also imperative, for the field of orthopaedic surgery. The authors also report that CalPERS was able to reduce spending by 13% in the first two years following reference-based benefits implementation, but there were no significant differences demonstrated in the ninety-day complication rates.

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The limitations of this study were mainly due to the administrative nature of the data. Specifically, a major limitation was the inability to draw conclusions with regard to changes in patient propensity to undergo knee or shoulder arthroscopy as a function of reference-based benefits implementation and differences in patient-reported outcomes. Nonetheless, the findings are informative with regard to the patients’ understanding of the financial incentives.

As the authors discussed, the value of a product corresponds to the price that a consumer is willing to pay following a cost-benefit analysis. As such, further research should examine the impact of incentive program implementation (e.g., reference-based benefits) on clinical outcomes. Although no significant differences were demonstrated on ninety-day complications in this study, a more accurate valuation of orthopaedic procedures will be achievable with additional clinical outcomes and quality-of-life data.

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None of the authors received payments or services, either directly or indirectly (i.e., via his or her institution), from a third party in support of any aspect of this work. One or more of the authors, or his or her institution, has had a financial relationship, in the thirty-six months prior to submission of this work, with an entity in the biomedical arena that could be perceived to influence or have the potential to influence what is written in this work. No author has had any other relationships, or has engaged in any other activities, that could be perceived to influence or have the potential to influence what is written in this work. The complete Disclosures of Potential Conflicts of Interest submitted by authors are always provided with the online version of the article.

References
