Medicare opens new push on hip, knee replacement

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In this July 30, 2015 file photo, a sign supporting Medicare is seen on Capitol Hill in Washington as registered nurses and other community leaders celebrate the 50th anniversary of Medicare and Medicaid. Medicare. From Akron to Tampa Bay, from New York City to San Francisco, Medicare on Friday, April 1, 2016, launches an ambitious experiment changing how it pays for hip and knee replacements to raise quality and lower costs. (AP Photo/Jacquelyn Martin, File)

From Akron to Tampa Bay, from New York City to San Francisco,

Medicare on Friday launches an ambitious experiment changing how it pays for hip and knee replacements in an effort to raise quality and lower costs.

The idea is to follow patients more closely to smooth their recovery and head off unwanted complications that increase costs.

Hip and knee replacements are the most common inpatient surgery for beneficiaries, and Medicare will be using financial rewards and penalties to foster coordination among hospitals, doctors, and rehab centers. Improved care should also reduce costs, the government says.

Hospitals are on board, but orthopedic surgeons have some qualms. Consumer groups will be watching closely.

The new system goes into place in 67 metro areas across the country that are home to millions of beneficiaries and around 800 hospitals. Similar experiments may be in store for other procedures, like heart bypass surgery. It's part of a broader effort under President Barack Obama's health care law to align traditional Medicare with changes pushing the U.S. health care system toward greater accountability.

Initially patients and families may not notice much beyond additional forms to sign from participating providers. Patients can still choose their doctors and hospitals. If the concept works, patients will see smoother coordination as they leave the hospital and take on the challenges of recovery and rehab, with measurably better results overall.

"There's likely to be greater emphasis on communication and support to ensure that patients, once discharged, aren't left to fend for themselves," said Joshua Seidman of the consulting firm Avalere Health, which has been working with hospitals.

Hospitals are supportive, but surgeons have raised concerns.

Over time surgeons fear there will be indirect pressure to discourage joint replacement for patients seen as having less chance of a smooth recovery. Picture an obese, lifelong smoker hobbling around on a painfully deteriorated knee, for example.

"The overall goal is a good one—they want to see where you can cut the waste out," said Dr. Alexandra Page, a San Diego clinician representing the American Association of Orthopaedic Surgeons. But "one of the unintended consequences is going to be cherry-picking ... hospitals are only going to want to have the patients who are going to do well."

Medicare says that's unlikely because the experiment was designed so hospitals can keep treating a wide range of patients. Nonetheless, consumer groups say they'll be watching.

"While we are generally supportive because we think it can increase quality and decrease costs, we really think that monitoring providers is going to be important," said Joe Baker, president of the Medicare Rights Center, an advocacy group based in New York.

Medicare paid for more than 400,000 hip and knee replacements in 2014, at a cost of $7 billion to taxpayers for the hospitalizations alone. For some patients, recovery may be arduous, but surgery can relieve pain and add years of mobility.

Though such procedures are the most common inpatient surgery for Medicare recipients, officials say quality can still vary greatly. The average expense for surgery, hospitalization, and recovery ranges from $16,500 to $33,000 across geographic areas.

Research indicates that a patient generally fares better if he has his

operation with a surgeon who does a high number of such procedures at a hospital that also handles a high volume. But it's often difficult to get information on particular doctors and facilities. Medicare's experiment might encourage hospitals to publicize their results to compete for patients.

The experiment is called "Comprehensive Care for Joint Replacement." It focuses on costs and quality for a 90-day period that starts with a patient's hospital admission. The mechanics are complicated.

Doctors, hospitals, rehab centers, therapists, home health agencies and other providers will continue to get their regular reimbursements from Medicare. But at the end of the year, hospitals will be held accountable for the total cost of care over the 90-day period.

The cost for a hospital's patients will be measured against a target set by Medicare, which factors in savings to the program. Then, depending on how a hospital performs on its cost and quality targets, it could get a bigger payment from Medicare, or it may have to pay back money. For this year, Medicare will not be demanding repayment.

Hospitals will be able to share bonuses with rehab centers and other providers, creating an incentive to work together.

For many years, Medicare basically just paid bills as they came in. Now that approach is seen as a faster route to bankruptcy for the program serving more than 55 million beneficiaries, including seniors and disabled people of any age.

The joint replacement experiment is projected to save Medicare $343 million over its five years, and could be expanded nationwide.

More information: List of participating metro areas:

tinyurl.com/j7zbjpq