

ACCADEMIA DEI SEMPLICI

Bologna

President

THE DIFFERENCE IN REIMBURSEMENT OF AMERICAN HEALTHCARE BETWEEN THE PUBLIC PROGRAM "MEDICARE" AND PRIVATE INSURANCE "MEDICAID" NEW INTERVIEW WITH PROF. PIETRO MEMMO (*)

by Giuseppe Vinci



(*) Prof. Pietro A. Memmo, Honorary and Meritorious Member of Accademia dei Semplici, is specialized in Interventional Physiatry with particular reference to Orthopedic Spine. He enrolled at Columbia University and graduated with honors in medicine. Subsequently, he attended Albert Einstein College of Medicine in the Bronx, New York, and completed his internship in Internal Medicine at Columbia-Presbyterian Medical Center in New York City. He specialized in Physical Medicine and Rehabilitation at the Kessler Institute for Rehabilitation and the University of Medicine and Dentistry of New Jersey, where he was appointed chief resident and voted resident teacher of the year by the medical students he taught. Additionally, he served as a resident delegate to the American Medical Association and published several original articles and book chapters on conservative spine care. Prof. Memmo then completed his Spine and Sports Medicine Fellowship training at Beth Israel Medical Center in New York City. Concurrently, he was part of the medical team for several professional sports teams in New York City, in addition to completing intensive training in advanced and minimally invasive spinal procedures. Prof. Memmo is an interventional physiatrist, one of the few in the state of Connecticut certified in both physical medicine and rehabilitation and pain management. He is President of Orthopedic Associates of Hartford and Associate Clinical Professor at the Department of Orthopedics, University of Connecticut School of Medicine.

INTRODUCTION

Prof. Memmo, a specialist in Interventional Physiatry with particular reference to Orthopedic Spine, lives and works in the United States in various private clinics. As a profound connoisseur of the American healthcare system, in this interview, he intends to highlight the differences in reimbursement between Medicare and private insurance and how the "value" of a physician is assessed within the American healthcare system.

Q. Professor, what are the differences in reimbursement between the public Medicare program and private insurance?

A. To answer your question, the difference is substantial. For example, private insurance

payments are substantially higher than Medicare payments for 7 common diagnoses. In fact, in a total knee arthroplasty procedure, the differences between what Medicare pays and what private insurance pays to doctors and hospitals for the same medical procedure are practically double. In this case, referring to the same doctor and the same hospital, Medicare pays \$14,474, while private insurance pays \$30,000. Unfortunately, doctors and hospitals cannot survive only with patients who have only Medicare and Medicaid (public programs) healthcare assistance because doctors and hospitals need to have a "mix of patients," with private insurance compared to Medicare and Medicaid. Furthermore, doctors and hospitals must continually negotiate with private insurance companies to obtain higher payments for their services. If a patient has Medicare or Medicaid and goes to a doctor who participates in these public programs, the doctor is obliged to accept any payment paid by Medicare and Medicaid. Indeed, a doctor cannot negotiate any form of payment higher than what the government is required to pay, and it does not matter whether the service is provided in a hospital or in his private clinic. Unfortunately, the payments do not cover the "true cost" of medical care because Medicare and Medicaid rates are not negotiable; they are set by the government without considering the actual cost of medical care. Medicaid pays less than Medicare, it pays 78% of Medicare, and Obamacare rates are the same as Medicaid rates.

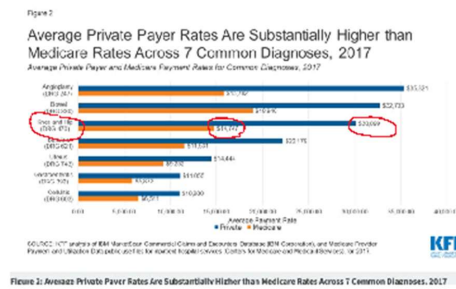
MEDICAL REIMBURSEMENT

Differenze di rimborso tra Medicare e assicurazione privata:

Esempio: Artroplastica totale del ginocchio

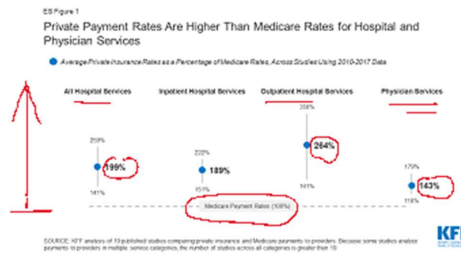
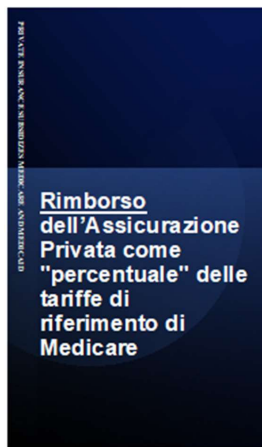
Medicare paga: \$ 14,474.

Assicurazione Private paga: \$ 30,000.



Q. Professor, what is the Private Insurance Reimbursement as a "percentage" of Medicare benchmark rates?

A. For doctors and hospitals, private insurance reimbursement is a "percentage" of Medicare benchmark rates. Medicare rates and the benchmark reference with other hospital companies represent the private insurance reimbursement that is normally higher than Medicare rates for hospitals and medical services. For all hospital services, private insurance rates are 199% higher than Medicare benchmark rates, while for hospital services, private rates are 189% higher, while for outpatient hospital services, private rates are 264% higher. For medical services, especially those in a private practice, private insurance rates are 143% higher than Medicare benchmark rates. That's why doctors and hospitals need to have a "mix of patients," with private insurance compared to Medicare and Medicaid.



Finally, on the occasion of this interview, I consider it important to share this information with my colleagues at Rizzoli, Members of the Academy of the Simple, as it is predictable that outpatient surgical procedures such as spine surgery or joint replacement surgery will grow by 18% in the next 10 years.

Q. Professor, what are the solutions for better survival of American healthcare?

A. The most transformative and dynamic event occurring in orthopedics in the United States is the migration of complex surgical cases from a hospital environment to an outpatient surgical center, with same-day treatment. Now we have the ability to perform orthopedic surgical cases, such as total knee replacement or spine surgery that five years ago required a five-day hospital stay, now can be performed in five hours. Patients are admitted in the morning and return home in the afternoon and are happy because they do not have to stay in the hospital. Thanks to these results, surgeries can be performed on average at half the cost required for the healthcare system, with significant healthcare savings for society. It is evident that these new techniques will bring both benefits to patients and greater savings on healthcare costs. The migration of surgical cases from a hospital environment to an outpatient same-day environment represents one of the most important strategies in the United States for doctors, hospitals, and the healthcare system, which, in my opinion, will soon become commonplace even in Italy.

SOLUTIONS TO US HEALTHCARE

SOLUZIONI PER LA SOPRAVVIVENZA:
*Rimani redditizio, rimani concentrato sul paziente.
 Produrre risultati migliori per i pazienti.*

- **Essere il fornitore "a basso costo" migrando gli interventi chirurgici ai centri chirurgici ambulatoriali**
- Si prevede che le prestazioni ambulatoriali come la chirurgia della colonna vertebrale e la chirurgia sostitutiva delle articolazioni **cresteranno del 18% nei prossimi 10 anni**
- Il rimborso per i trattamenti in un Centro Chirurgico Ambulatoriale **è inferiore al 50%** di quanto viene pagato all'Ospedale = Risparmio per il sistema sanitario.

Currently, in our private practice (Orthopedic Associates of Hartford in the state of Connecticut in America), we can perform the following surgical procedures on an outpatient basis, within three to five hours in the same day, with same-day discharge: Spine surgery: 29%, Total hip arthroplasty: 13%, Total knee arthroplasty: 26%, Partial knee arthroplasty: 80%.

SOLUTIONS TO US HEALTHCARE

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Stabilire una partnership tra il sistema sanitario e i medici

- Accordi di cogestione
- Joint Ventures

VALORE = Misure valide dei risultati/costi di qualità

- Ottenere risultati superiori e misurabili per i pazienti
- Stabilire le metriche delle prestazioni

Q. Professor, how is the "value" of a physician assessed for achieving healthcare survival?

A. For achieving programmed results, the "value" of a physician takes on fundamental importance. Indeed, since 2014 to date, for each patient undergoing surgery at the hospital or the outpatient surgical center, each physician is evaluated monthly, the data is transparent and unmasked, shared with all physicians, and we strive to learn from the best results achieved. Specifically, the data examined includes:

- Whether the patient had to be readmitted to the hospital due to complications,
- Or the need to go to the emergency room or return to the operating room,
- A reduction in surgical site infections,
- A reduction in the need to transfer patients from the hospital to a rehabilitation center (instead of discharging them directly home),
- A reduction in the need for blood transfusions.



Q. Professor, what are the measurable results for patients?

A. Data transparency is a fundamental "value" for OAH. Data analysis is the key to quality care and performance improvement. We examine the results reported by patients and compare them with the benchmark. These are the resources we use, and we collect our parameters.

Risultati Misurabili per i Pazienti

Data Transparency is a core value at OAH...

- OAH and Hartford HealthCare *Co-Management Agreement*
- *Data Analysis* is the Key to Quality Care and Performance Improvement
- Patient Reported Outcomes: *PROs and Benchmarking*
- Digital Connections to Our Patients: *Force Therapeutics*
- Press-Ganey *Likelihood to Recommend Scores*
- Maintaining High Quality in the *Ambulatory Surgery Centers*

SOLUTIONS TO US HEALTHCARE

OAH ORTHOPEDIC ASSOCIATES OF HARTFORD