

Removal of Total Knee Arthroplasty from the Inpatient Only List Adversely Affects Bundled Payment Programs

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Introduction: Beginning in January 2018, the Centers for Medicare and Medicaid Services (CMS) removed total knee arthroplasty (TKA) from its inpatient only (IPO) list. Many hospitals inappropriately began to schedule all TKA procedures as an outpatient, excluding them from CMS bundled payment programs. The purpose of this study was to determine the impact of the removal of TKA from the IPO list on our institution's Bundled Payments for Care Improvement (BPCI) Initiative.

Methods: We queried our institutional database to identify all Medicare patients who underwent primary TKA from 2017-18 performed by one of 37 surgeons across 20 hospitals. Hospital status was recorded and crosschecked with CMS claims data. Demographics, comorbidities, and short-term outcomes were compared between patients classified as outpatient or inpatient TKA. Episode-of-care BPCI costs were then compared from 2017 to 2018 and the cost to the program was calculated based upon the CMS target price.

Results: Of the 2,135 primary TKA patients in 2018, 908 (43%) were classified as an outpatient. Of the outpatient cases, 147 (18%) had a length of stay beyond two-midnights, potentially qualifying for inpatient status. Inpatients had a longer length of stay (1.9 vs. 1.4 days, $p < 0.001$) and higher rates of discharge to rehabilitation (17% vs. 3%, $p < 0.001$), but no difference in medical comorbidities, complications, or readmissions (all $p > 0.05$). Ninety-day episode-of-care claims cost increased when comparing the BPCI patients from 2017 to 2018, (\$19,222 vs. \$19,417, $p = 0.002$). The removal of TKA from the IPO list resulted in a projected loss of at least \$2,896,520 in unrealized savings for our institution's BPCI program.

Conclusions: By excluding all outpatient TKA from bundled payment programs, the increased costs of BPCI may disincentivize providers from participating. CMS should provide clarity as to documentation for outpatient status and address the negative implications on alternative payment models.