

Paper #27

Is the Outpatient Prospective Payment System Classification for Total Hip Arthroplasty Appropriate?

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Introduction: Starting in 2020, the Centers for Medicare & Medicaid Services (CMS) removed total hip arthroplasty (THA) from the Inpatient Only List, resulting in payment through the Outpatient Prospective Payment System (OPPS) with an average \$1,637 per case reduction in facility reimbursement. The purpose of this study was to determine if the reduction in rates is justified by comparing the difference in true facility costs between inpatient and outpatient THA.

Methods: We identified a consecutive series of 5,271 primary THA procedures at two hospitals by one of 31 surgeons from 2015-2019. Itemized procedural costs were calculated using a time-driven activity-based costing algorithm. Outpatient procedures were defined as those with less than 24-hour length of stay. We compared patient demographics, comorbidities, and itemized costs between inpatient and outpatient procedures. A multivariate analysis was performed to determine the independent effect of outpatient status on facility costs.

Results: Of the 783 (15%) outpatient patients, they were more likely to be male (62% vs. 46%, $p < 0.001$), but there were no significant differences in comorbidities between the groups. The outpatient THA patients had lower mean reduced personnel costs (\$1,428 vs. \$2,226, $p < 0.001$) and overall total facility costs (\$6,141 vs. \$6,965, $p < 0.001$). Supply costs were significantly lower for outpatient procedures, by a margin of \$26 (\$4,713 vs. \$4,739, $p < 0.001$). When controlling for confounding variables, outpatient status was associated with a reduction in total facility costs of \$825 (95% CI \$734-\$916, $p < 0.001$).

Conclusions: The \$825 per patient savings in facility costs for performing THA as an outpatient does not justify the \$1,637 reduction in CMS reimbursement rates. CMS should reconsider the OPPS classification of THA to better incentivize surgeons to perform THA as a lower-cost outpatient procedure when safe and appropriate.

Notes
