



# ALLEGIANCE

Your Benefits at Work™

**State of Montana**  
***SEGBAC Meeting***  
***April 23, 2013***



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## *Introduction*

- What is a bundled joint replacement?
- Why is there interest in a bundled joint replacement?
- Allegiance bundled payment analysis
- Whose services are being bundled



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- What is a bundled joint replacement?
  - The bundling together of services performed by the various providers under a single price



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- Whose services are being bundled
  - For uncomplicated total knee and total hip replacements
    - Facility
      - Admit to Discharge (Including implant)
    - Surgeon
    - Anesthesiology
- Whose services are not being bundled
  - Out-patient physical therapy



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- Why is there interest in a bundled joint replacement?
  - Broad variation in prices across the state for the same service
  - Desire to
    - Improve price transparency
    - Enhance cost predictability
    - Quality



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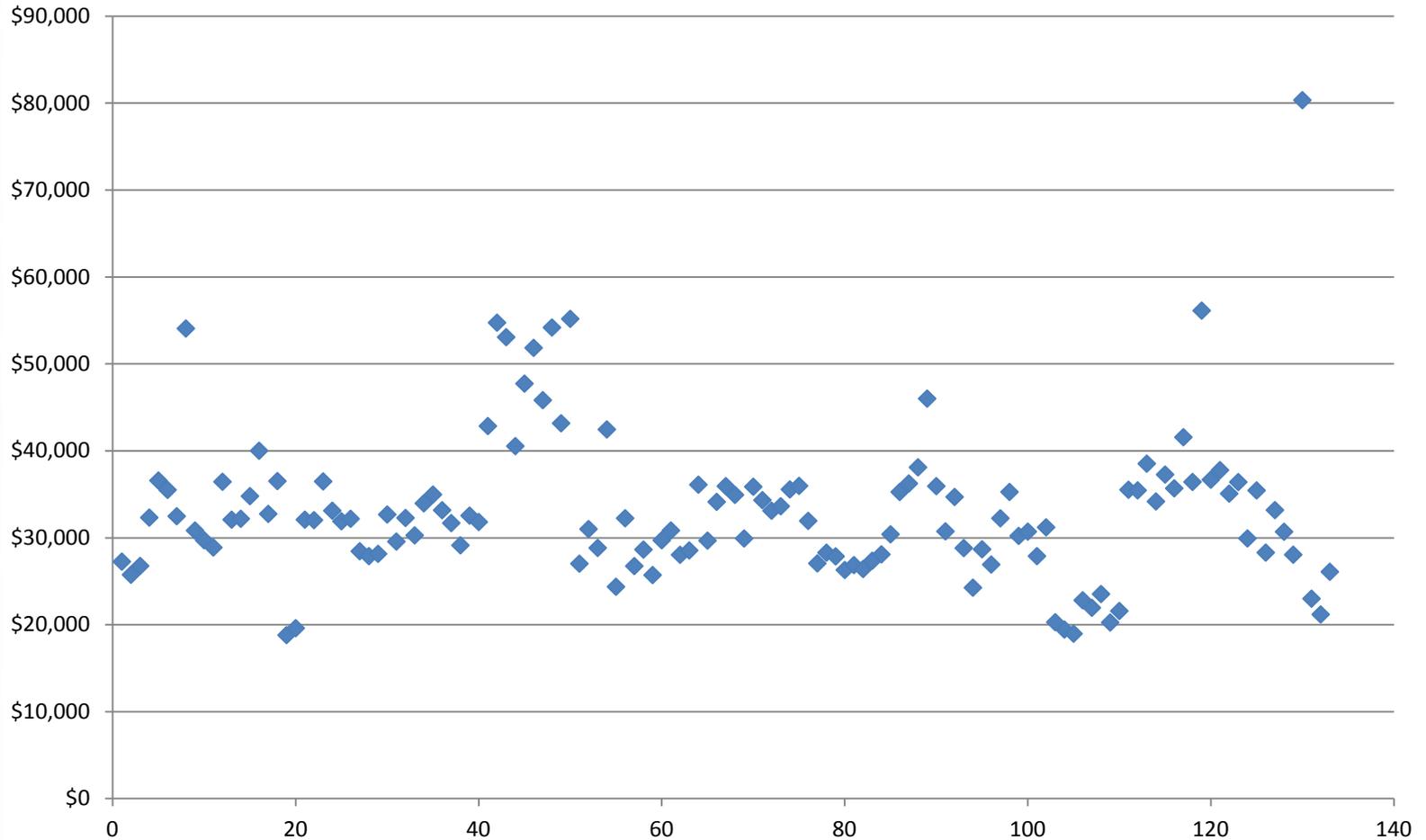
- Bundled payments
  - Allegiance's analysis
    - Reviewed bundled cost for
      - Total knee replacement
      - Total hip replacement
    - Combined all facility and professional cost components regardless of who provided which services
  - Methodology
    - All claimants with a CPT code for the indicated procedure between January 1, and December 31, 2011 were identified
    - Claims for any diagnosis unrelated to the procedure were excluded
    - Relative value units (RVUs) for the professional component were used as a measure of service intensity
    - The methodology was reviewed by several providers
    - Results were aggregated by the facility where the procedure was performed



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## Total Knee Replacements - All Facilities

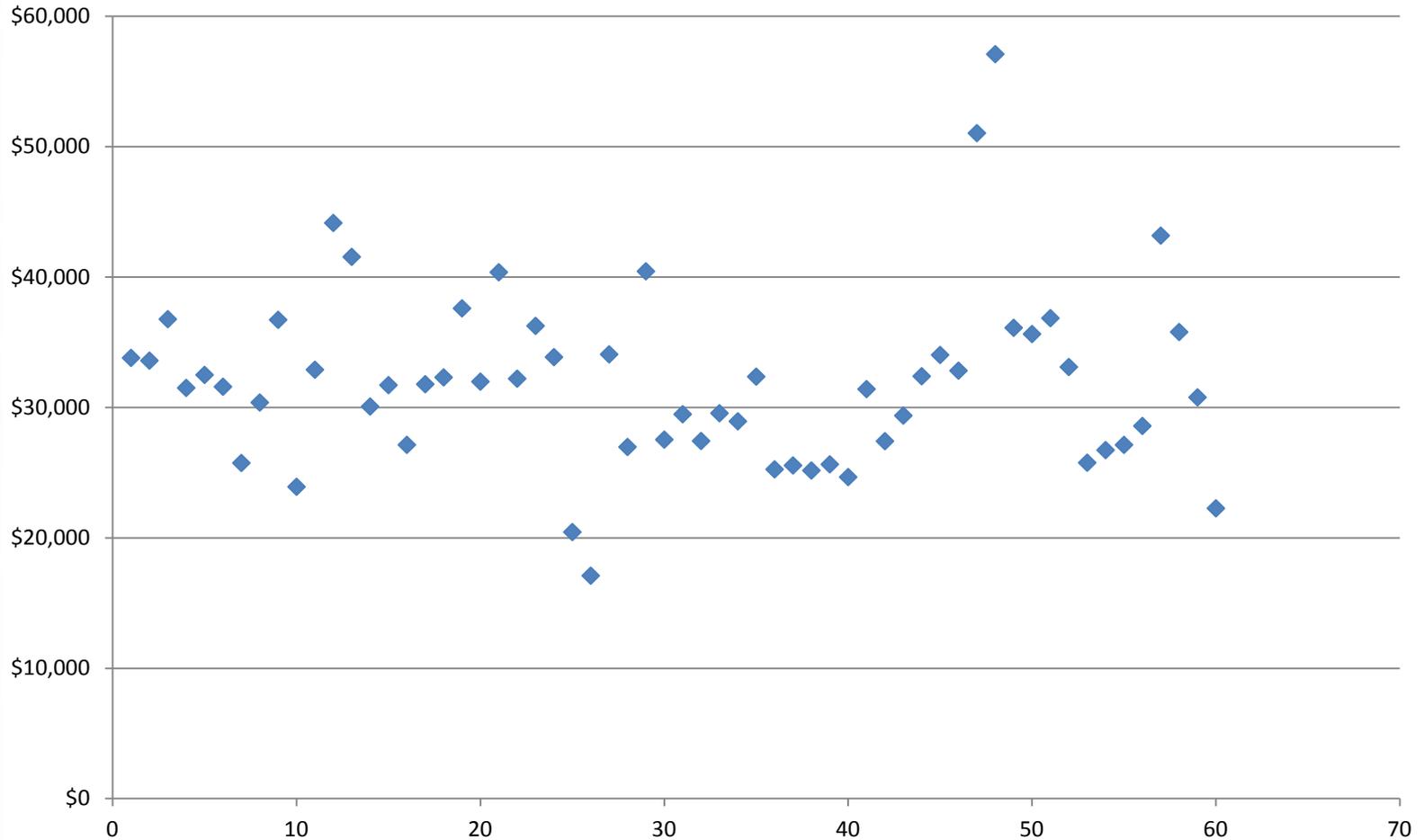




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## Total Hip Replacements - All Facilities





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- **Benefits for Health Plans**
  - Transparency
  - Predictability
  - Ability to create additional episode of care models