Managing AUC And The Value Based Proposition Of PCI in 2016

Talal T Attar, MD, MBA, FACC
## Appropriate Use Criteria

### ACCF/SCAI/STS/AATS/AHA/ASNC/HFSA/SCCT
### 2012 Appropriate Use Criteria for
### Coronary Revascularization Focused Update

<table>
<thead>
<tr>
<th>Patients without Prior Bypass Surgery</th>
<th>Appropriate Use Score (1–9)</th>
</tr>
</thead>
<tbody>
<tr>
<td>CCS Angina Class</td>
<td>Asymptomatic</td>
</tr>
<tr>
<td>21. One- or 2-vessel CAD with borderline stenosis “50% to 60%”</td>
<td>Not rated</td>
</tr>
<tr>
<td>• No noninvasive testing performed</td>
<td></td>
</tr>
<tr>
<td>• No further invasive evaluation performed (i.e., FFR, IVUS)</td>
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</tr>
<tr>
<td>22. One- or 2-vessel CAD with borderline stenosis “50% to 60%”</td>
<td>I (3)</td>
</tr>
<tr>
<td>• No noninvasive testing performed or equivocal test results present</td>
<td></td>
</tr>
<tr>
<td>• FFR less than or equal to 0.80* and/or IVUS with significant reduction in cross-sectional area</td>
<td></td>
</tr>
<tr>
<td>23. One- or 2-vessel CAD with borderline stenosis “50% to 60%”</td>
<td>I (1)</td>
</tr>
<tr>
<td>• No noninvasive testing performed or equivocal test results present</td>
<td></td>
</tr>
<tr>
<td>• FFR or IVUS findings do not meet criteria for significant stenosis</td>
<td></td>
</tr>
</tbody>
</table>


Puri, P et al, Am J Cardiol 2016; 117: 1289-1293
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Value Based Proposition

- Bundle Payment
- Shared Saving
- Risk Based Contract
- Accountable Care Organizations ACO
How is the early experience?

- 53% did not reduce spending
- 22% reduced spending, but did not earn shared savings
- 25% earned shared savings

Who did well in the current risk environment?

- Providers and Payers who entered the arrangement for the right reasons and not to keep up with competitors in the market or to differentiate themselves
- Providers who have experience from managing the cost and quality of care for their own employees
- Providers who owned larger parts of the continuum of care
Factors Driving Bundled Payment Profitability

• Right Pricing: Understanding of costs including baseline, labor, Physician, and supply
• Program Costs: Implementation often include staff to design and implement new processes
• Cost Reduction: LOS, Supply cost.. Depend on baseline practice.
• Alignment: Physicians, Continuum of care…
• Spillover effect: For patients not directly covered by the bundle payment contract
• Market Share Gains: best case scenarios

Understanding Cost structure

• Direct:
  – Fixed: Capital equipment…..
  – Variable: Supply, Labor…..

• Indirect:
  • Fixed: Building…..
  • Variable: IT, HR....
How About The Marginal Cost?

- Product Cost: 6
- Product Price: 10
- Sales Volume: 10
- Revenue: 40

- Product Cost: 6
- Product Price: 9
- Sales Volume: 12
- Revenue: 36

Price discount 10%
Sales increase 20%

What are the clinicians supposed to do????

- High Quality care; Complications are expensive
- Efficiency, length of stay
- Control the direct cost that you can impact; Supply, Devices, Pharmacy…..