



CONTROLLING COST AS ORTHOPEDIC PROCEDURES RISE

Empowering employees to make
the best choice for their care

THIS IS
HOWSM

HERE'S TO OUR HEALTH

As you plan benefits for your organization, key insights into healthcare trends could mean higher quality healthcare and significant cost savings for your organization and employees.

Blue Cross and Blue Shield (BCBS) companies are here to help.

Powered by our Blue Cross Blue Shield, The Health of America Report® Series, this eBook leverages our BCBS Axis® data—which includes the nation's largest collection of commercial insurance claims data—to deliver accurate snapshots of today's healthcare environment.

With guidance from your health plan partner, relevant information from our reports can be used to tailor health plans that work better for your employees. And your bottom line.

Examining the rise in orthopedic care and how it impacts your employees.

In this eBook, we'll explore trends in the cost and quality of orthopedic care across the U.S.—specifically planned (elective) knee and hip replacements. To read the complete Health of America Report, [click here](#).



POWERED BY:

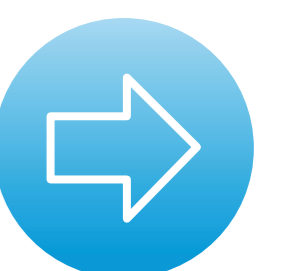


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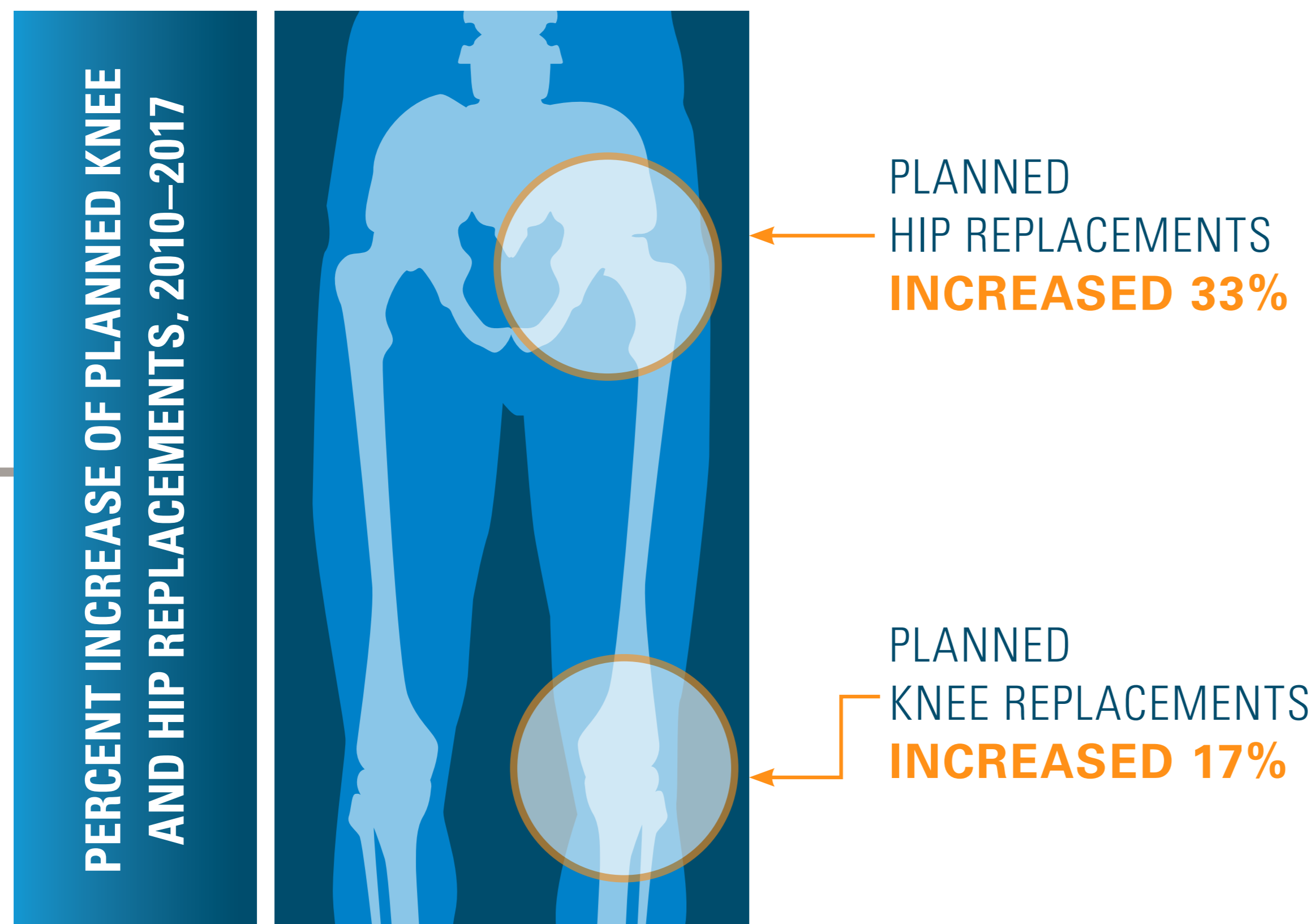
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HOW MUCH ARE WE SPENDING ON ORTHOPEDIC CARE?

As you think about benefit planning for your organization, here's something to consider: At more than \$54 billion, spending to treat all orthopedic pain conditions (including pain in the muscles, bones and joints) represents more than 14 percent of overall healthcare spending for commercially insured adult BCBS members. And there's no evidence of that declining any time soon.

In this eBook, we'll look at trends in cost and quality of care for planned orthopedic procedures—specifically knee and hip replacements.* As you review, ask yourself if these facts and figures seem relevant to your organization and your employees.



IN 2017
242K

Adult BCBS members under the age of 65 underwent a planned knee or hip replacement

KNEE AND HIP REPLACEMENTS AREN'T JUST FOR RETIREES ANY MORE

Planned orthopedic procedures cost approximately \$25 billion in 2017—an increase of 44 percent over the previous eight years. Since 2010, prices increased 6 percent for knee procedures and 5 percent for hip procedures. In the same time span, knee and hip replacement rates increased 17 and 33 percent, respectively.

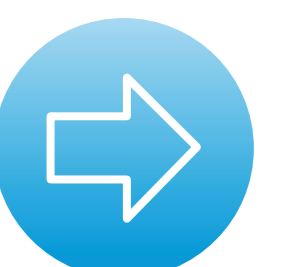
As expected, the largest increase for planned knee and hip procedures (from 2010 to 2017) was among those within the 55 to 64 age group. However, both procedures also grew among most of the younger age groups. For example, knee replacements increased 17 percent in the 45–54 age group, while hip replacements were up 25 percent. Hip replacements also increased 14 percent for the 35–44 age group.

KEY CONSIDERATIONS

- How common are knee and/or hip procedures across your workforce? Has it been steady over recent years?
- How much of your medical spend is related to these procedures? Has that also changed in recent years? What's your annual trend?
- How do your orthopedic procedure and spending growth rates compare with the national averages called out in this eBook?



*Based on the medical claims of BCBS commercially insured members from 2010 through 2017.



PRICE DIFFERENCES ACROSS THE U.S.

COST TRANSPARENCY FOR KNEE AND HIP REPLACEMENTS

It's probably not a surprise that wide price variation continues to exist for orthopedic procedures across the U.S. In 2017, the national average price for a complete episode of orthopedic care was about \$34,000, with average costs of \$34,513 for inpatient knee replacements and \$34,282 for inpatient hip replacements.

Between Metropolitan Statistical Areas (MSAs), prices range threefold—from an average low price of \$19,934 and \$19,263 for knee and hip procedures in Des Moines, Iowa, to an average high price of \$61,750 and \$64,641 for knee and hip surgeries in New York, New York.

GOING A LITTLE DEEPER WITHIN MSAs

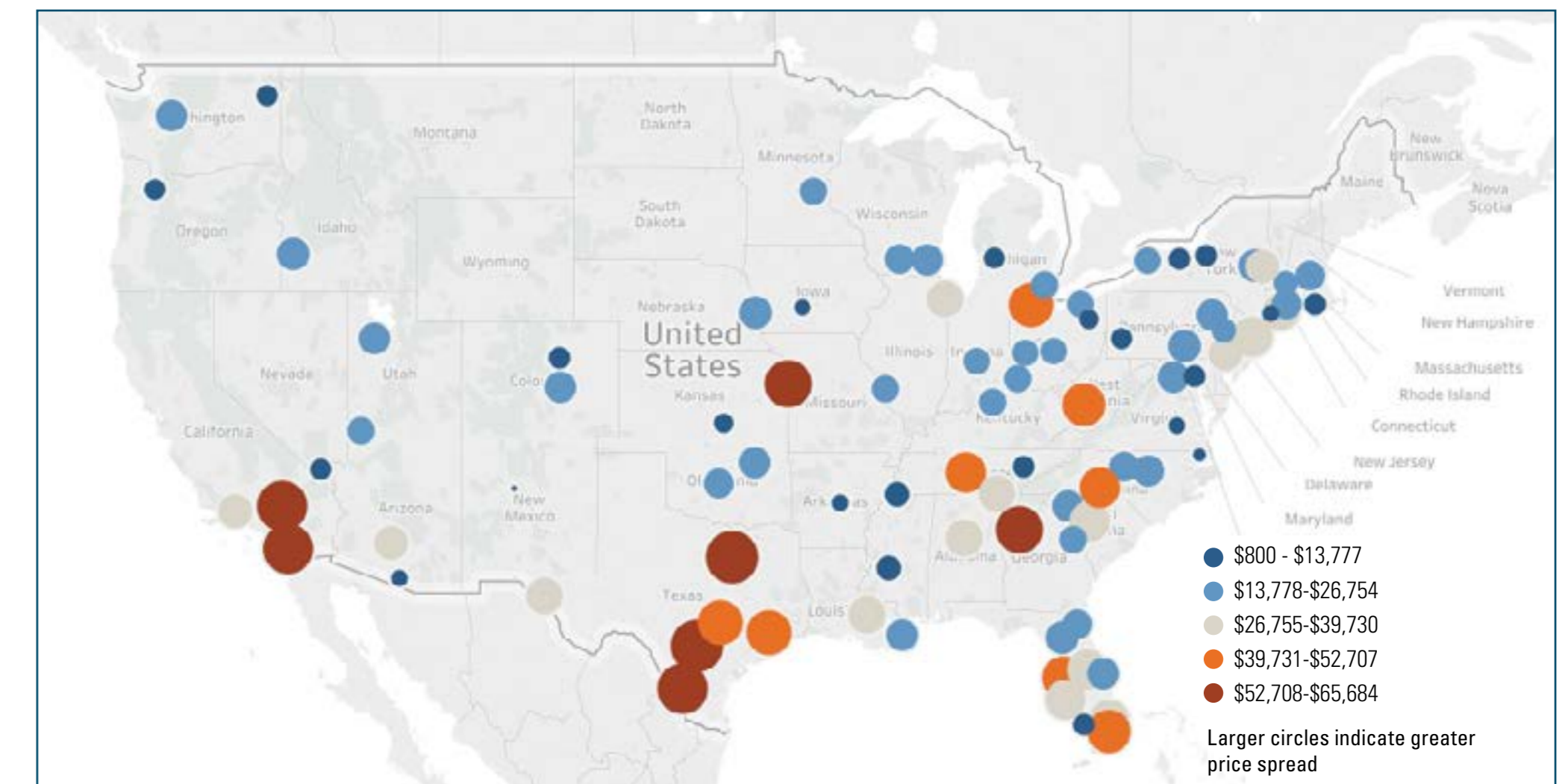
Within MSAs, there is also typically a three- to fourfold difference between the highest priced and lowest priced episode of care (“price spread”) for these surgeries. In fact, 30 of the largest MSAs have a price spread greater than \$25,000 for knee and hip procedures.

In 2017, the greatest price spread for planned knee replacements occurred in San Antonio, ranging from \$22,547 to \$88,231 for the same episode of care—more than a threefold price difference.

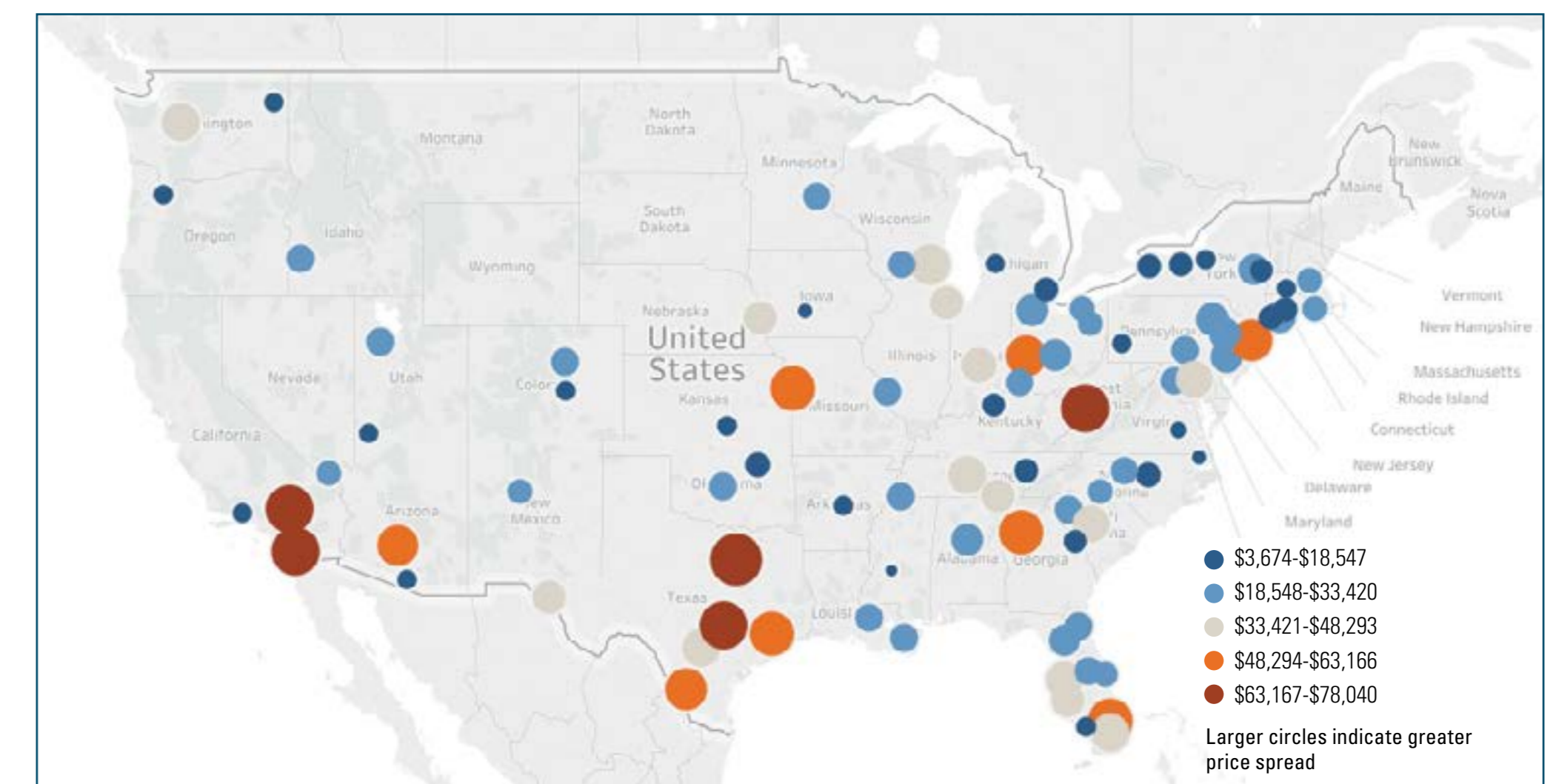


IN 2017
Dallas had the greatest price spread for planned hip replacements, ranging from **\$20,597** to **\$98,638** for the same episode of care.

2017 PRICE SPREAD FOR PLANNED KNEE REPLACEMENTS IN THE LARGEST 100 MSAs

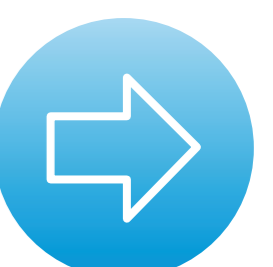
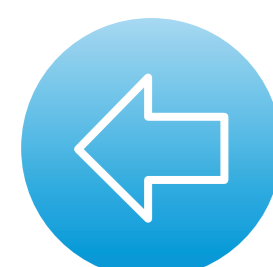


2017 PRICE SPREAD FOR PLANNED HIP REPLACEMENTS IN THE LARGEST 100 MSAs



KEY CONSIDERATIONS

- Do you know your organization's and employees' typical medical costs for knee and/or hip procedures?
- Does your organization's typical medical costs vary within and between MSAs? If so, to what degree?
- Do you have cost transparency and provider finder tools to help employees identify higher quality, lower cost providers?
- How can you use network and benefit design to guide and incentivize employees who are planning knee/hip procedures toward higher quality, lower cost providers?



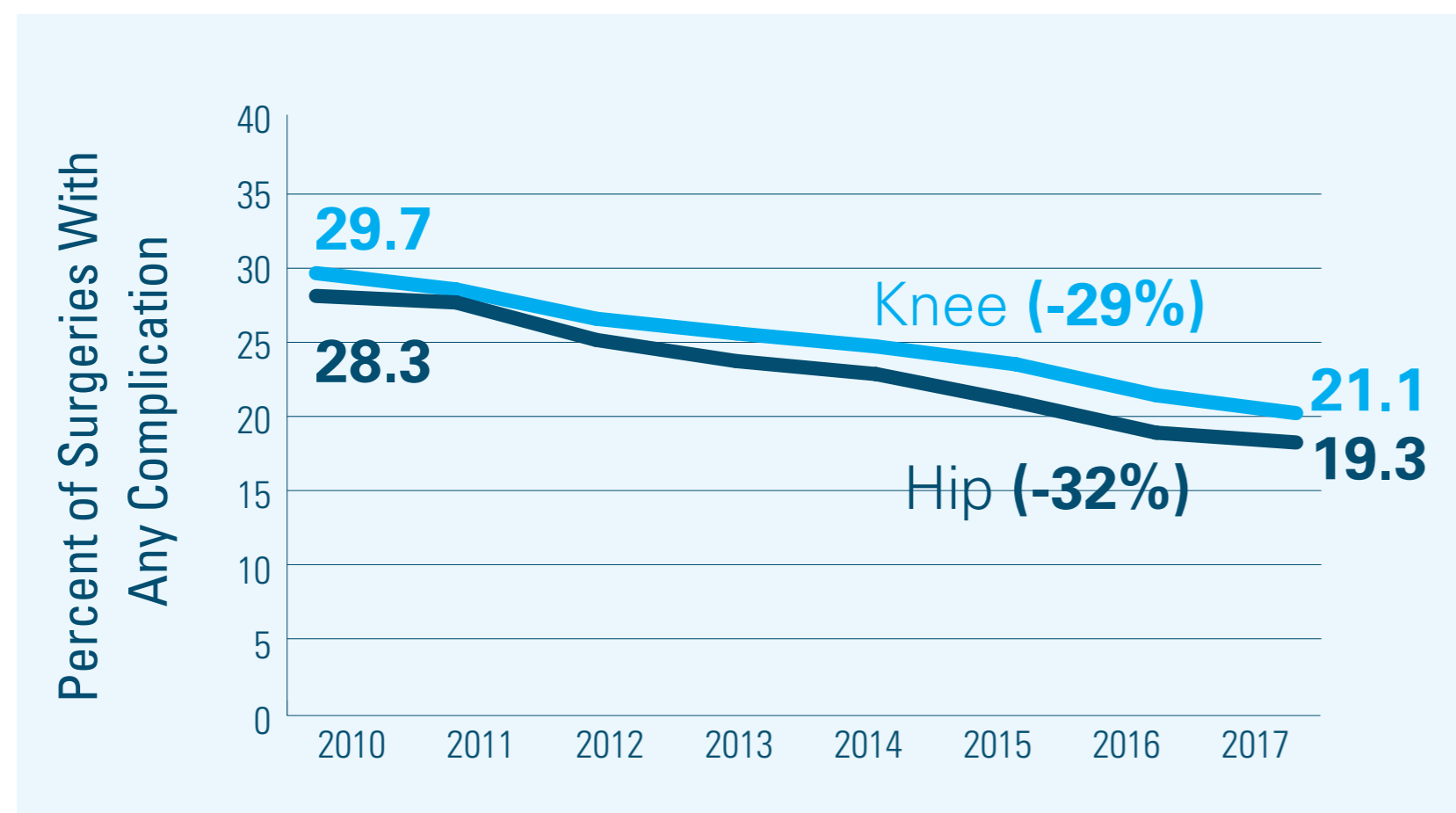
INPATIENT VS OUTPATIENT

GAIN POTENTIAL SAVINGS WITHOUT SACRIFICING QUALITY OF CARE

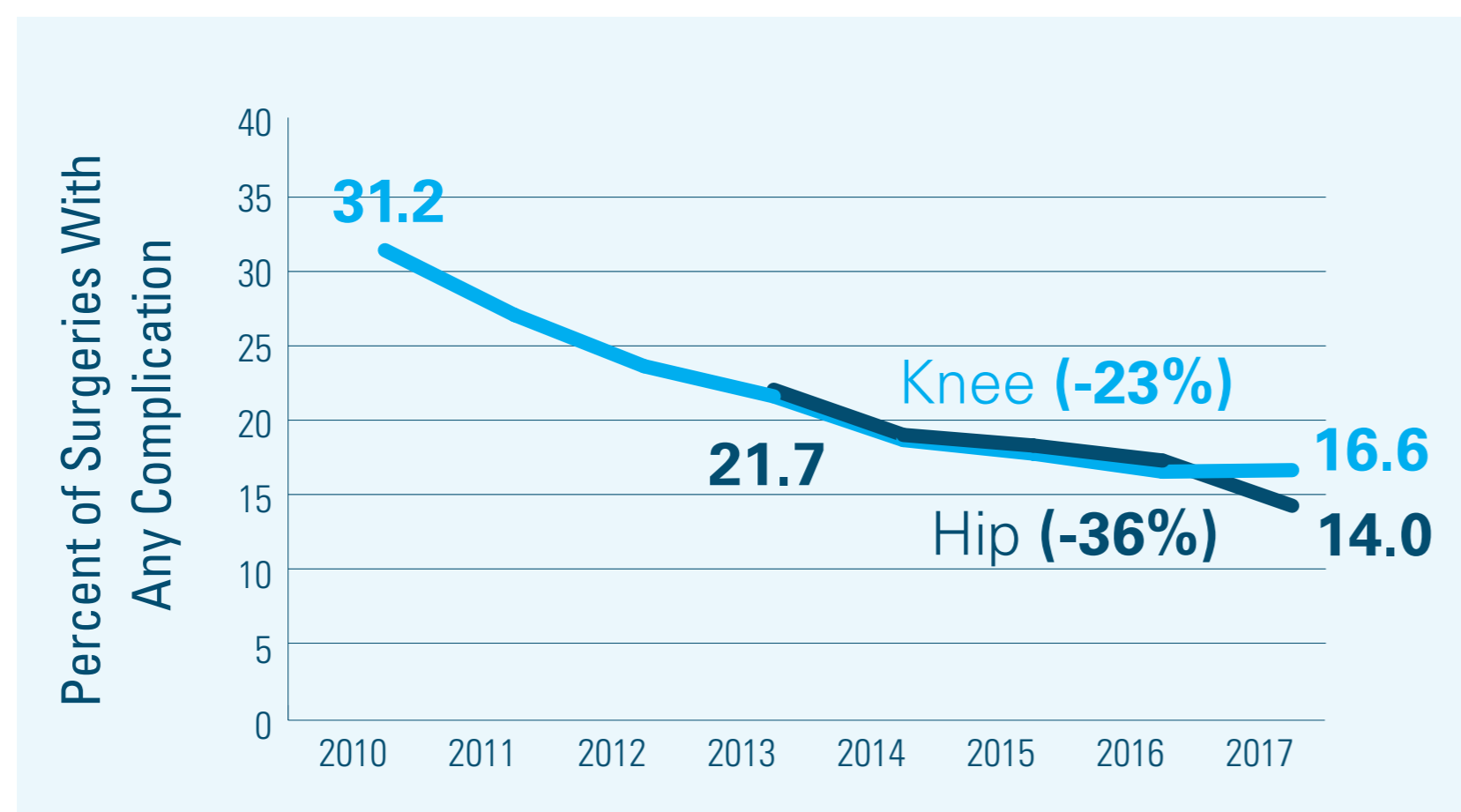
Savings are something we all want to experience, but not at the expense of quality. That's why it's good to know that complication rates are down in both inpatient and outpatient settings. In fact, outpatient complication rates are below the rates in inpatient settings.*

PERCENT OF PLANNED INPATIENT AND OUTPATIENT KNEE AND HIP SURGERIES WITH ANY COMPLICATION, 2010–2017

INPATIENT COMPLICATION RATES



OUTPATIENT COMPLICATION RATES

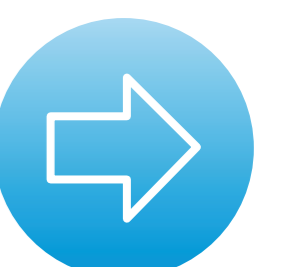


KEY CONSIDERATIONS

- On a general basis, do you know where your employees' knee or hip procedures are being performed?
- Do you know the quality of care and outcomes for the providers facilitating these procedures?



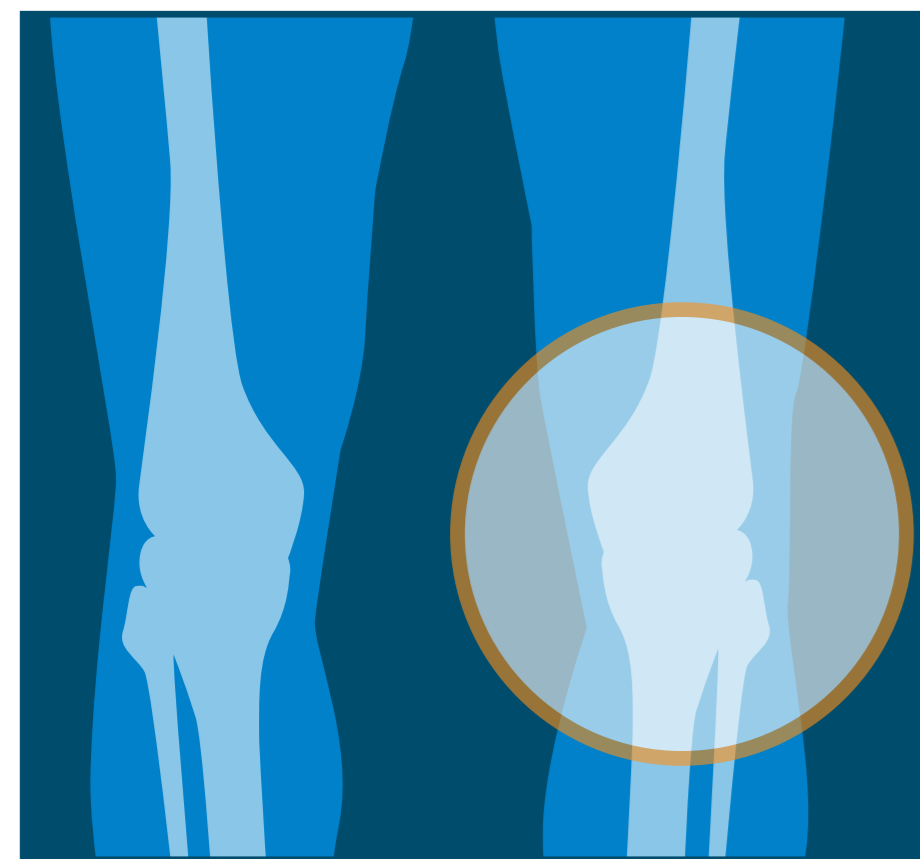
*Complication rates are not adjusted for case mix severity; therefore, caution should be used in comparing differences in rates between the inpatient and outpatient settings.



COMPARING COSTS OF INPATIENT VS OUTPATIENT

HOW MUCH CAN BE SAVED?

Planned knee and hip replacement outpatient procedures are **30 to 40 percent less expensive** on average than inpatient procedures. Despite these potential savings, only 11 percent of knee replacements and 8 percent of hip replacements were performed on an outpatient basis in 2017.



AVERAGE PRICE FOR REPLACEMENT

Inpatient Knee	VS	Outpatient Knee
\$30,249		\$19,002



AVERAGE PRICE FOR REPLACEMENT

Inpatient Hip	VS	Outpatient Hip
\$30,685		\$22,078

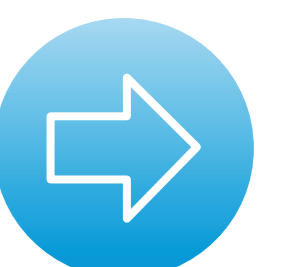


KEY CONSIDERATIONS

- What impact could a shift to more cost-effective locations make to your medical cost?
- Do you have education in place to help employees understand the quality and cost benefits of having these procedures in an outpatient setting so they can have an informed conversation with their doctor?
- Have you considered a reward program to incentivize employees to select an outpatient setting, if appropriate based on their doctor's recommendation?



SITE OF CARE, QUALITY
AND COST OF PROCEDURES



COULD OUTPATIENT CARE BE AN OPTION FOR YOUR EMPLOYEES?

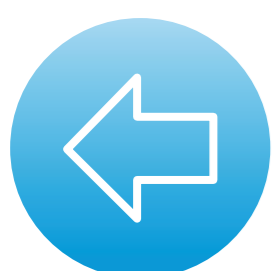
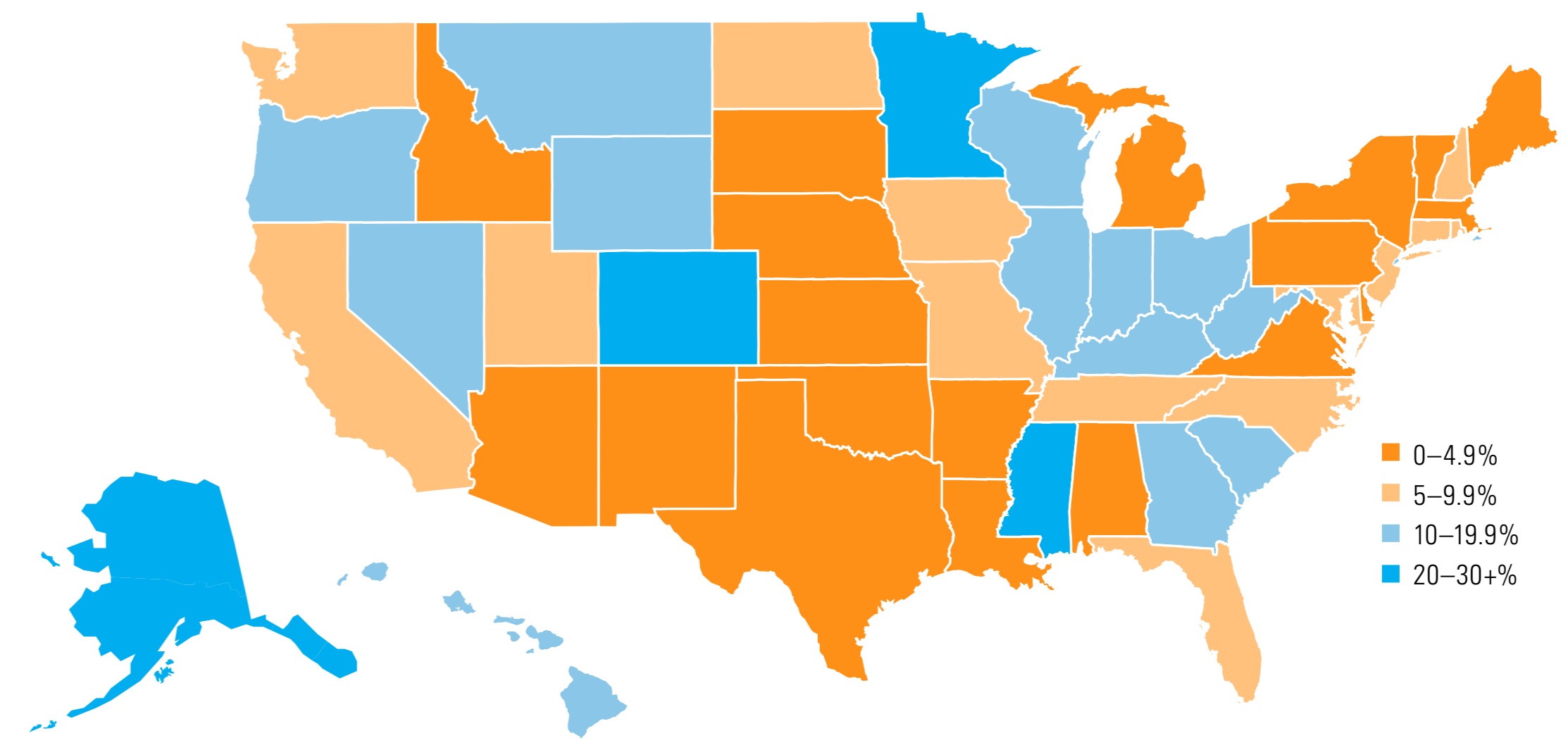
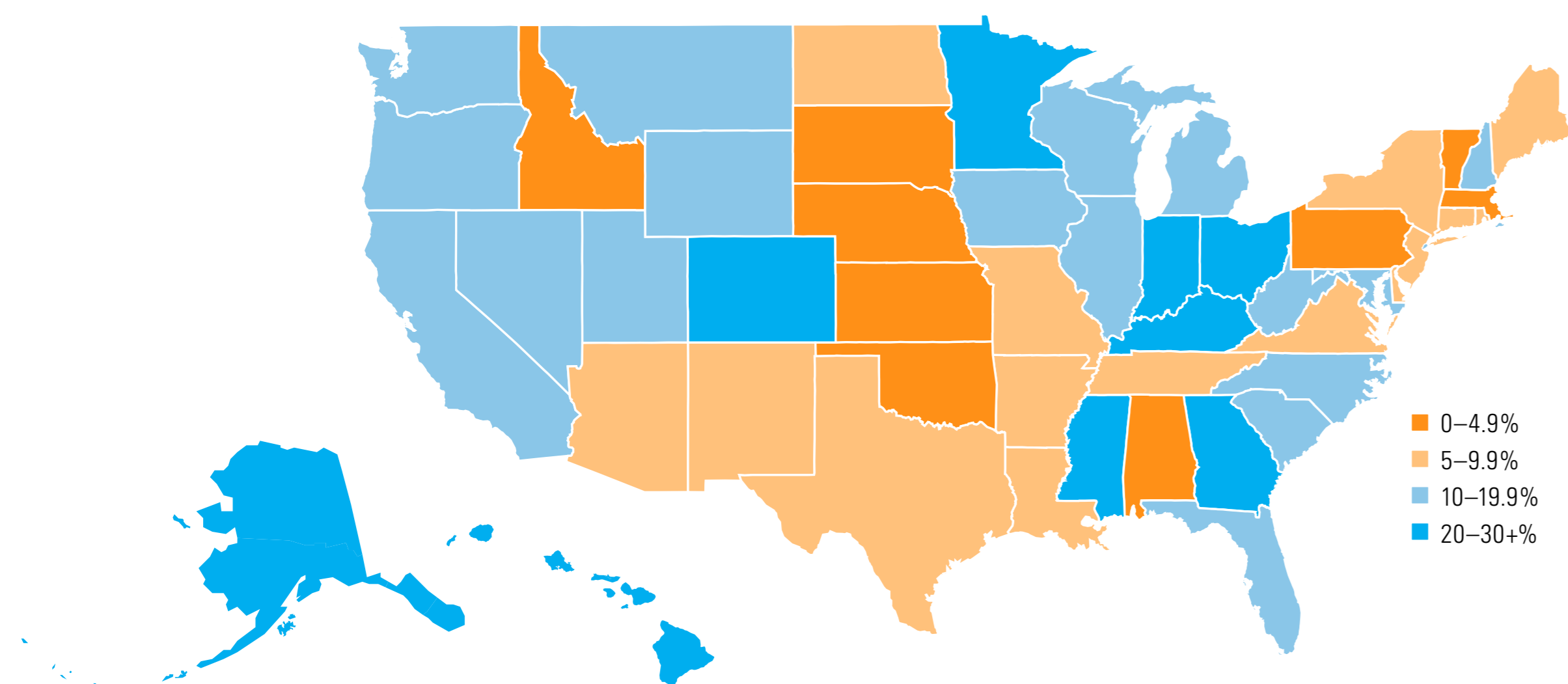


KNOW YOUR OPTIONS

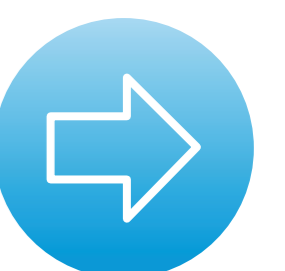
Access to outpatient facilities and the use of these facilities for both knee and hip replacement procedures vary widely from state to state. The maps below show the percentage of outpatient knee and hip procedures by state in 2017.

FOR KNEE PROCEDURES: Alaska, Colorado, Georgia, Hawaii, Indiana, Kentucky, Minnesota, Mississippi and Ohio show outpatient surgery rates above 20 percent.

FOR HIP PROCEDURES: Alaska, Colorado, Minnesota and Mississippi have outpatient surgery rates above 20 percent.



SITE OF CARE, QUALITY
AND COST OF PROCEDURES



DRIVE QUALITY, COST-EFFECTIVE CARE THROUGH DATA INSIGHTS AND COLLABORATION

With the right health plan partner and a data-driven process, you can create healthcare solutions that work better. And you can start by looking at the orthopedic care providers in your network.

After all, it's clear that planned knee and hip replacements are becoming more common and will only continue to rise. That's why BCBS companies are working hard to provide smart solutions.

Solutions like Blue Distinction® Specialty Care. BCBS companies have worked with providers to identify centers of excellence throughout the country to ensure quality, cost-effective care. Over 550 Blue Distinction Center+ designations for knee and hip replacements have been awarded to facilities across the country to help your employees make informed choices. What's more, among the top MSAs examined in this eBook, approximately three out of four MSAs have at least one Blue Distinction designated facility for knee and hip replacements.

Blue Distinction Center+ facilities offer on average

24%
SAVINGS*
ACROSS THE
EPISODE OF CARE

when compared to non-Blue Distinction Center+ facilities

[CLICK TO LEARN MORE ABOUT THE BLUE DISTINCTION® PROGRAM](#)



*BCBSA and registry data, BDC+ eligible facilities vs. relevant comparison group. Results based on most recent designation cycle. Savings based on BDC+ total episode cost.



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Blue Cross and Blue Shield companies are deeply committed to creating Smarter, Better HealthcareSM for employers and their employees. To further that commitment, we have developed solutions to help inform and empower your employees to select quality, affordable sites of care that best meet their needs. And together, we can start putting those solutions to work for you.

CLICK TO CONTACT YOUR LOCAL BCBS COMPANY TO LEARN MORE ON COST CONTROL AND ORTHOPEDIC CARE



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