

Why ‘Surgeons of Excellence’ is the Next Big Innovation In Benefits Design

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Executive Summary

If you're a large, self-insured employer, chances are you've sought out providers to become 'Centers of Excellence' for your employees. By offering discounts on bundled pricing, these elite providers help firms control costs on high-volume surgical procedures.

However, employers don't always select the best possible partners. They rely on *facility-level* data to inform their decisions, which falls short of the specificity required to make an informed choice.

This paper makes the case for augmenting the Center of Excellence model using surgeon-level data. For employers, *Surgeons of Excellence* will enable:

1. Smarter selection of facility-partners

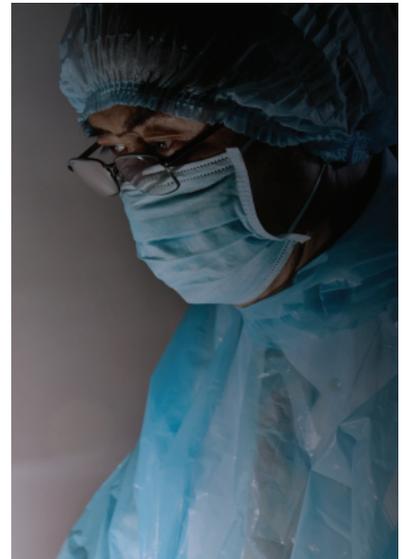
- a. By banishing brand bias
- b. By revealing 'hidden gem' surgeons

2. Stronger, higher performing benefits packages

- a. By delineating variances within a facility
- b. By showing each surgeon's strongest (and weakest) procedures

3. Long-term operational benefits

- a. Enhanced negotiations with providers
- b. Continually optimized networks
- c. Enhanced employee trust



THE STATE OF CENTERS OF EXCELLENCE

Recently, self-insured employers have developed special relationships with providers. In pursuit of cost efficiencies and streamlined care for their employees, they select certain hospitals to become ‘Centers of Excellence.’ Then, they design their benefits packages to revolve around the providers they choose.

On its surface, an intelligent strategy. All parties appear to win. Employers pay discounted rates for high-volume surgical procedures, the providers see a consistent funnel of new patients, and employees — supposedly — enjoy top-tier care from a high-performing hospital.

In theory, the Center of Excellence model is a superb foundation for benefits design. But in practice, it only works if employers rigorously scrutinize their potential partners.

Unfortunately, their due diligence sometimes falls short. MPIRICA’s analysis has found two important flaws in how employers form these relationships with providers.

First, employers use the wrong criteria to select Centers of Excellence. This leads them to choose providers that may not have the strongest track record for performance.

Second, they stop their analysis short. Once they’ve chosen a Center of Excellence, they design benefits packages to steer employees to the facility, regardless of who is actually performing the procedure.

But, as this paper will reveal, outcomes vary widely from surgeon to surgeon. If employers want to pursue the best possible outcomes, they should consider updating their Center of Excellence models — they should incorporate Surgeons of Excellence into their benefits design.

WHERE EMPLOYERS GO WRONG IN CHOOSING CoEs

Before examining Surgeons of Excellence, employers should ensure they’re using the right information to select their provider-partners.

As explored in a previous white paper, employers start to go wrong in the Center of Excellence selection process when they evaluate a given hospital’s quality.

It’s exceedingly difficult to assess a hospital’s outcomes — and well beyond the scope of simple spreadsheet manipulation. Moreover, outcomes data, whether compiled by hospitals or payers, is extremely difficult for the vast majority of employers to obtain. Even if a firm has the power to negotiate the release of data from providers and insurers, analyzing it demands extensive clinical and analytical knowledge, a command of trends in healthcare, and the ever-shifting modes of diagnosis and treatment.

Facing this daunting task, many employers skirt the issue of quality analytics by relying on a more comprehensible proxy: a hospital’s reputation. They use prestige as their guide to finding the strongest facilities.

Big name hospitals have
no monopoly
on surgical talent.

However, reputation and reality don't always align. A given hospital might enjoy a stellar reputation, but produce mediocre outcomes for a specific procedure.

NOT ALL HOSPITALS ARE "BEST" AT EVERYTHING



This chart uses the **MPIRICA Quality Score** – an aggregate measure based on historical outcomes data – to reveal how hospitals perform on specific procedures. It then scores providers on a scale from 100 to 800, similar to a credit score. Scores are derived using Medicare data, which is the largest and most widely used claims data source available for analysis.

These scores represent the primary facility's performance, not outcomes from affiliated hospitals or clinics. A gray dot within the heat map indicates that the facility has insufficient Medicare volume to produce a score.

This was the case in 2016, when one large employer chose a Chicago hospital to be its Center of Excellence for knee and hip replacement surgery. Even though the hospital enjoys a sterling national reputation, MPIRICA's research found that it produced significantly more adverse outcomes and severe complications than other providers in the area. In fact, for knee replacements, its results fell among the very worst performers in the country.

Even if the employer and the provider struck a bargain for a given procedure, these adverse outcomes will inevitably lead to massive sunk costs. In the face of a six-figure bill to cover a major complication, a well-negotiated sticker price for a surgery is meaningless.

A DEEPER DIVE INTO THE DATA

However, in a case when an employer DOES manage to look past reputation, and uses authentic, high-quality data to select a hospital with truly outstanding outcomes, they would still be unable to secure the best chance at high-quality outcomes for their employees. Why?

Because no single facility excels in every surgical category. ‘Excellence’ doesn’t generalize across an entire hospital — or even across a department. A hospital with superb hip replacement outcomes, for example, might produce sub-par heart bypass surgeries. Facility-level data doesn’t offer enough specificity for employers to secure good results.

That’s why it’s crucial to remember: hospitals drive surgery costs, but excellent outcomes start and stop with the surgeon.

It’s not enough to send employees to high-performing facilities. When designing their benefits packages, employers need more granular data to make good decisions. They need to carefully examine how each surgeon performs on individual procedures, and send their employees to true Surgeons of Excellence.

THREE IMPORTANT BENEFITS OF SURGEON-LEVEL DATA

The surgeon-level approach yields important insights that will help employers pursue intelligent provider partnerships.

It will help employers select the right partners, as well as design optimal benefits packages for employees.

1 Surgeon-Level Data Informs Smarter Facility Selection

Here are two important ways that surgeon-level data can help you objectively select providers.

Banishes Brand Bias

Like all large businesses, hospitals expend considerable energy on branding — especially the most prestigious ones. They carefully cultivate their reputations to signal their weight and authority in the industry.

When employers search for provider partners, the allure of this prestige can be difficult to resist.

As mentioned above, this is partly because strong hospital branding can be mistaken for a sign of quality. But it’s also because a prestigious hospital brand can confer value on the partnership itself.

When a large employer partners with a prestigious hospital, the two entities will typically announce the union in a series of corporate releases. This is a mutually beneficial public relations tactic. The hospital enjoys yet another organization

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vouching for its calibre of care, and the employer boasts that it sends employees to only the finest healthcare institutions.

The prospect for this kind of branding opportunity can bias an employer's search for a partner. And in the pursuit of high-quality outcomes, bias must be overcome.

This reveals why it's important to consider surgeons, instead of facilities.

Focusing on surgeons will strip away the marketing that surrounds a hospital's reputation, and force employers to consider specific providers instead. It will engender a stronger commitment to objectivity. Ultimately, it will reveal a more forthright conception of a hospital's capabilities.

Reveals Hidden Gems at Lesser-Known Facilities

Sometimes, surgeon-level outcomes data can yield interesting surprises.

The most important surprise, for employers, may be this: big name hospitals have no monopoly on surgical talent.

For instance, if a patient needed a hip replacement, and had the means to visit any hospital in the country, where should they go to see the surgeon with the best historical outcomes?

Sure enough, some big name hospitals might be the first that come to mind. Johns Hopkins, maybe. Or Mayo. Perhaps the Cleveland Clinic?

While these hospitals undoubtedly house some excellent surgeons, and patients might find the brand-names reassuring, MPIRICA's data finds that the very best hip surgeons work far from Baltimore, Rochester, or Cleveland.

The only three surgeons to achieve an MPIRICA Quality Score of 800 — a perfect score — for hip replacements are:

[Dr. Steven Barnett](#), of Hoag Orthopedic Institute, in Irvine, California;
[Dr. Bradley Vaughn](#), of Rex Hospital, in Raleigh, North Carolina;
[Dr. John Dearborn](#), of Washington Hospital, in Fremont, California.

These three doctors see fewer adverse outcomes than would be expected for the risk of patients they treat, compared to any other hip replacement surgeon in the US. Their affiliated hospitals might not be the first names one thinks of for world-class surgeons — but the data shows that they ought to be.

And the data needn't be national in scope to show some surprises. Take the example of Baltimore. None of the city's top-10 MPIRICA scoring hip replacement surgeons are affiliated with the world-famous Johns Hopkins. They're scattered around at other, less famous Baltimore-area hospitals, like the University of Maryland Rehabilitation and Orthopedic Institute, and Saint Agnes Hospital.

Armed with hyper-specific performance data like this, employers can more productively direct their partnership efforts toward providers with the best outcomes — not just the most eminent reputations.

To learn more about the
MPIRICA Quality Score
please see appendix.

2 Surgeon-Level Data Achieves Better Benefits Design

Once a facility has been selected, employers then need to steer employees to the best possible surgeons available. Here's how considering individual surgeons makes that possible.

Reveals Intrafacility — And Intradepartmental — Variance

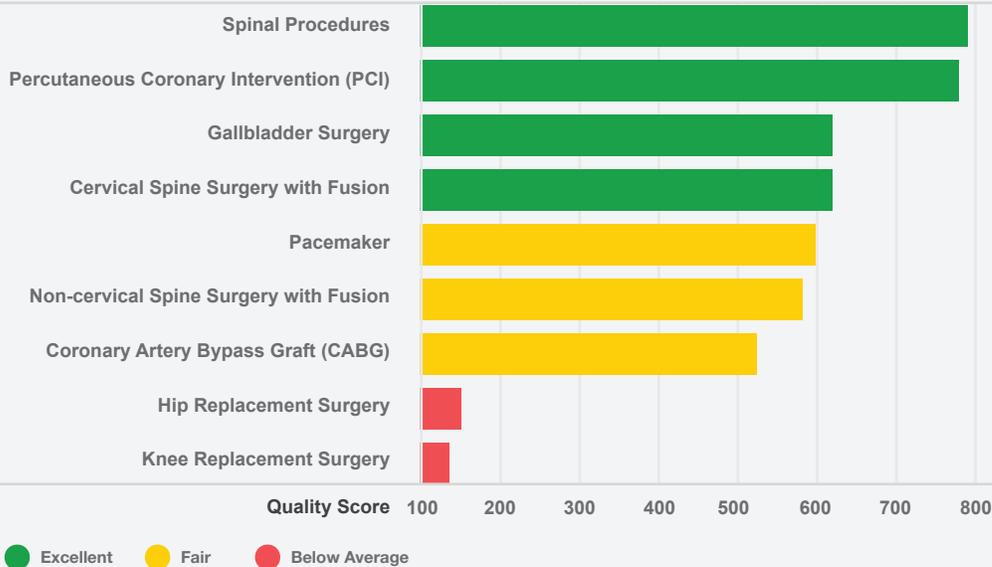
A sober look at the data proves that even America's best hospitals aren't the best at everything. MPIRICA's analysis of historical outcomes shows that, while they may be excellent in some domains, in others, top-tier hospitals can actually fall well below their peers.

One well-reputed east-coast hospital brand, for example, earned an MPIRICA Quality score of 790 on their orthopedic spinal procedures. Since the scale tops out at 800, this facility can rightly boast that their spinal procedures are among America's best.

However, another part of this hospital's orthopedic department falls well below its peers. For hip-replacements, this facility scored just 120, placing their outcomes among the worst 1% in the country.

This shows that no employer should rely on a single facility for an inappropriately broad range of procedures. They should carefully consider how individual surgeons perform on individual surgeries.

INTRAFACILITY VARIANCE EXAMPLE IN NEW YORK



The scope of possible performance disparity can be very broad in any given facility. This facility scores near-perfect marks in spinal procedures, but has some of the lowest knee-replacement scores in the country.

DISCLOSURE POLICY:
It is MPIRICA's policy to avoid naming specific, low-performing providers in marketing materials. For that reason, all low-scores have been anonymized.

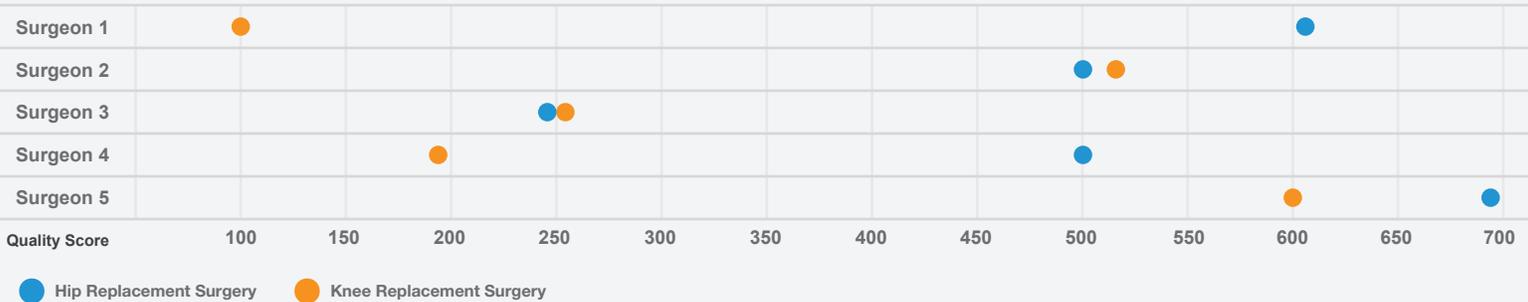
Shows Where Surgeons Shine — And Where They Don't

While outcomes can vary wildly at a single hospital, a surgeon's performance can also shift across the variety of procedures they perform. Typically, a single surgeon's variances aren't as wide as a facility's, but employers should not neglect them — they can have a significant impact on a patient's outcomes.

One orthopedic surgeon at a large hospital in the Northwest, for example, earns an MPIRICA Quality Score of 610 for hip replacement surgery ("Surgeon 1" in the graphic below). This means he has a track-record for excellent care -- anything above 600 is superb, by MPIRICA's measures. This 610 puts him among the best in his state.

However, this same doctor scores only 100 for knee replacement surgeries. This is far from the high water-mark of excellence this doctor sets in hip replacements. In fact, a 100 score means this doctor's patients experience far more adverse outcomes than national averages.

EXAMPLES OF SCORE VARIANCE FOR ORTHOPEDIC SURGEONS



Surgeons who show strong expertise in one procedure may not perform as well in others. For these four surgeons, note the observed difference in outcomes for hip replacements and knee replacements

Such a disparity shows how employers should not generalize a surgeon's performance across multiple categories. They should carefully manage their benefits-networks so that employees see the right surgeons, for the right procedures.

This level of detail is only possible with a careful combing of individual surgeon performance.

3 Dividends from Data-Based Decisions

The factors above clarify how surgeon-level data improves provider selection and benefits design. But there are subtler reasons that employers should consider a Surgeons of Excellence approach.

Equitable Negotiations

Taken on its own, the Center of Excellence model can leave some employers ill-prepared to deal with providers.

That's because, as explored above, facility-level data can obscure what really happens over the course of surgery. Employers who rely on it find themselves shopping for bargain rates on procedures, with incomplete information about what they're buying.

In contrast, surgeon-level data gives employers an important edge in negotiation. With a clear conception of the capabilities of each associated surgeon, an employer can understand exactly the value that a given hospital offers.

This removes guess-work and uncertainty from the deal-making process. It empowers the employer to negotiate a compensation structure that reflects genuine results. And it defangs the threat of unexpected costs from adverse outcomes.

Optimized networks

Ideally, arrangements with hospitals will secure the best possible surgeons to treat employees. When the deal is struck, that very well may be the case.

But surgeons aren't always consistent performers. Their outcomes may change over time. If a firm only observes facility- or department-level data, these fluctuations may not be so apparent to them.

Surgeon-level data, on the other hand, will reveal the state of care much earlier. Employers will be able to track performance over time more carefully. They'll be able to make better decisions about which surgeons employees should see, and which ones they might be better off avoiding.

Enhanced Employee Trust

Finally, for human-resources benefits designers, there is one final, all-important reason to screen individual surgeons: it's the best way to secure quality outcomes for patients.

The human-resources departments of self-insured employers have a mandate of trust. Employees assume that their company has done their due diligence, and will deliver them to safe hands, should the need for surgery ever arise.

Employers should respect this vote of confidence. They should design benefits packages so that they steer employees to surgeons with the strongest track record of performance. The only way to do that is to rigorously scrutinize surgeon-level data.

Employees will thank you for guiding them through complex care decisions — and they'll reward you with their loyalty when they come home safely after surgery.

TAKEAWAY: THE BEST, RIGHT THING TO DO FOR YOUR EMPLOYEES

The case for selecting Surgeons of Excellence is intuitive, and the evidence favors it, too. But employers eschew it because it's also an extraordinarily demanding task. With the right quality analytics, however, it's possible for companies to embrace a Surgeons of Excellence model, and for partnerships premised on the authentic pursuit of high-quality care.

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ABOUT THE MPIRICA QUALITY SCORE

MPIRICA analyzes hospitals and surgeons performing inpatient and outpatient procedures nationwide, and scores their actual outcomes for specific surgeries on a scale from 100 to 800. Scores above 600 represent an excellent demonstration of successful outcomes for a given procedure. Scores from 400 to 590 represent fair care, while anything below 400 indicates substandard historical performance.

MPIRICA QUALITY SCORE SCALE



This scale gives patients, payers, and businesses an intuitive way to understand a hospital's outcomes. It ranges from 100-800 and is similar to a FICO score but for surgical procedures.

METHODOLOGY

Data is risk-adjusted to take into account patient-related factors outside of a surgeon's or hospital's control, then analyzed and weighted based on the surgery being scored. Primary considerations are: in-patient death, significant complications in the hospital, as well as readmissions and death for 90 days after discharge. ER visits are taken into account for outpatient procedures. There are no subjective measures included (such as hospital reputation, reviews, and physician or patient surveys). Current hospital scores are based on 3 years of Medicare claims data, which is the largest and most frequently used medical dataset in the US

More info about the MPIRICA Quality Score, methodology, and data can be found at mpirica.com/quality-sco



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DISCLAIMER: MPIRICA Quality Scores are interpretations of providers' historical performance. While there is a rigorous science and methodology behind the scores, they are not a prediction of future results. Most high-scoring providers have sometimes had poor outcomes, and many low-scoring providers have produced some excellent results. Patients and caregivers should always seek advice from medical professionals when making healthcare decisions.