

PROMETHEUS® IN PRACTICE

Potential cost savings and bonuses for Karen's knee replacement



CLINICAL SCENARIO

Karen is 60-year-old woman who had a routine knee replacement surgery followed by an uneventful recovery. Karen was discharged five days after her surgery, then underwent physical therapy and rehabilitation at home. For a few weeks after the surgery, she needed a walker until she gained full mobility in the replaced joint.

Traditional fee-for-service costs

Under a fee-for-service payment system, assuming no complications, Karen's knee replacement surgery would likely cost \$24,000. Of course, there is a great deal of variability based on regional payment standards, what services are performed, and whether there are complications during or after the procedure.

PROMETHEUS Payment budget

Under the PROMETHEUS model, the treatment budget is calculated as a patient-specific "Evidence-informed Case Rate" (ECR®). An ECR includes all covered services related to the care of a single illness or condition, bundled across all providers. The ECR is also risk-adjusted to account for the severity and complexity of the patient's condition, and includes an allowance for potentially avoidable complications (PACs). If complications occur, this portion of the budget offsets the costs of corrective treatment. But if providers can reduce or eliminate PACs, they keep the allowance as a bonus. A detailed examination of Karen's personal history finds that, in addition to the need for a knee replacement, she suffers from rheumatoid arthritis, obesity and sleep apnea. She is also taking medicines for her diabetes and arthritis. Considering the severity of Karen's knee problem, her overall health and the medicines she is taking, the PROMETHEUS Payment model calculates a budget of \$24,500 for routine knee replacement. This includes all the costs of the surgery, follow-up physical therapy and rehab, and any other routine care needed. The model also calculates a PAC allowance of \$3,500, resulting in a total care budget of \$28,000.

Improving quality and reducing costs

The PROMETHEUS model is designed to encourage high-quality, efficient, patient-centered care while minimizing PACs. So it provides incentives for physicians to monitor Karen's health between routine office visits, such as calling to check on her progress. It also encourages providers to coordinate care, and take other proactive steps (such as offering a 24-hour nurse help line) to avoid complications, emergency room visits or hospitalizations. Under the current fee-for-service model, her physicians are paid for each office visit but not for these other services.

Potential cost savings and bonuses

There were no complications and Karen's treatment came in under budget. So, against an ECR of \$28,000, the physicians and hospital would share the difference of \$4,000 in bonus payments, in accordance with their contracted proportions. If PACs did occur (such as complications that resulted in a readmission costing \$15,000), a bonus would not be paid to the physicians and hospitals. Instead, the employer or health plan would save \$11,000 (\$24,000 + \$15,000 – \$28,000).

COST OF TREATMENT

Under Fee-for-Service (with complications):	\$39,000
Budget under PROMETHEUS (factors in potential complications):	\$28,000
Potential cost savings:	\$11,000

Under Fee-for-Service (assumes no complications):	\$24,000
Budget under PROMETHEUS:	\$28,000
Potential bonuses:	\$4,000