

**CASE 35**

# Perverse Incentives: Reimbursement and Bilateral Surgery

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Dr. Kutup is evaluating a female patient who has varicose veins in both legs. The patient has undergone the appropriate workup including ultrasound testing and extensive physical examination. The woman has been given a trial of compression stockings for the past three months. She returns with no symptomatic relief, nor has there been any improvement in the varicose veins. The patient works as a schoolteacher in an urban environment; she is not allowed to sit while students are in the classroom. The patient takes over-the-counter analgesics to alleviate her pain.

Dr. Kutup explains to the patient that she has failed conservative therapy and she would be a candidate for varicose vein surgery. The operation and complications are clearly explained. Dr. Kutup states that the operations can be scheduled up to three weeks apart and only one leg can be done at a time. He states that he believes that the operation should be done in this manner so the patient will only have one leg with discomfort at a time, making it easier for the patient to ambulate as well as perform her activities of daily living. These operations are considered minimally invasive with minimal recovery times.

The patient is concerned about being out of work on two occasions and requests the operations be done at the same time. Dr. Kutup states that he will not perform bilateral operations at the same time. He states it is more risky, has prolonged anesthesia time, and in general, has more chance for complications. The patient agrees to have two procedures.

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It is important to note that almost all third-party payers reimburse 100% for the first procedure and then only 50% for the second procedure if they are performed at the same time. This decreases the surgeon's reimbursement by a total of 25%. However, the cost of the operating room, hospital facilities, anesthesia, and lab testing will be doubled when the procedures are done separately.

### Discussion Questions

1. What are the facts in this situation?
2. What are three organizational issues this case illustrates?
3. Do you believe that two operations would be performed if the surgeon was reimbursed at the same rate for the second leg as for the first one?
4. Given the facts in this brief case, do you think these procedures could be done at the same time? Would that be in the best interest of the patient? Or are the procedures being separated to improve the surgeon's reimbursement? Is this a conflict of interest?
5. When third-party payers have attempted to save money with this type of bundling of procedures, it opens the door for not only surgeons, but all physicians to figure out how to maximize their reimbursement. Also, the majority of physicians do not understand why the second leg is worth only half of the first leg according to the payers. Create and present a plan that would appropriately incentivize the physicians/surgeons to be both efficient and cost effective.
6. The current system, while decreasing a relatively small amount of money that the surgeon can collect, creates a large additional expense when one considers the cost of two procedures, two anesthetic events, and duplicated time for both the patient (out of work) and the surgeon (in the OR). Create and present a plan that may better incentivize the physicians while creating cost savings for the health care industry.

### ADDITIONAL RESOURCES

- Abbott, T., White, S., & Pandit, J. (2011). Factors affecting the profitability of surgical procedures under "payment by results." *Anaesthesia*, 66(4), 283–292.
- Borkowski, N. (2011). *Organizational behavior in health care* (2nd ed.). Sudbury, MA: Jones and Bartlett.
- Buchbinder, S. B., & Shanks, N. H. (Eds.). (2012). *Introduction to health care management* (2nd ed.). Burlington, MA: Jones & Bartlett.