

Large discrepancy between what insurance companies pay for knee and hip implants, hospital purchase

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The total payments insurance companies pay for knee and hip implants were twice as high as the average selling prices at which hospitals purchased the implants from manufacturers, resulting in hundreds of millions of dollars of additional insurance claims, according to a study appearing in the February 28 issue of *JAMA*.

Total knee arthroplasty (TKA; replacement) and [total hip arthroplasty](#) (THA) are common procedures with charges ranking first and eighth among all procedures in the United States. The cost of the implant device is typically the largest expense associated with these procedures, but insurance companies pay without knowledge of either price or even the device model.

Yi-Ju Tseng, Ph.D., and Kenneth D. Mandl, M.D., M.P.H., of Boston Children's Hospital, conducted a study that included 40,372 patients with primary TKAs and 23,570 patients with primary THAs in 2011-2015. The patients were younger than 65 years of age. The average selling price (ASP; paid from surgical centers to manufacturers) was \$5,023 for knee implants and the average insurance payment was \$10,605. The ASP was \$5,620 for [hip implants](#) and the average insurance payment was \$11,751.

Based on the differences between the ASP and the average insurance payments, the cumulative differences in payment for patients in this

insurance database were estimated at \$225.3 million for [total knee replacement](#) and \$199.7 million for total hip replacement.

"Insurance companies pay for implants without knowing the brand or model, and device pricing by manufacturers is not publicly reported. Availability of such information would allow price negotiation between [insurance companies](#), hospitals, and manufacturers and may lower implant prices," the authors write.

More information: *JAMA*, [DOI: 10.1001/jama.2016.19579](https://doi.org/10.1001/jama.2016.19579)

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