

# Falling Medicare reimbursement rates for orthopaedic trauma

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The amount Medicare reimburses for orthopedic trauma surgery has fallen by nearly one-third over the past two decades, reports a study in

the *Journal of Orthopaedic Trauma*.

"When adjusted for inflation, [Medicare] reimbursement for common procedures in orthopedic trauma surgery has steadily decreased from 2000 and 2020," according to the new research by Kenneth A. Egol and colleagues in the Department of Orthopedic Surgery at NYU Langone Health, New York City. They add: "Given increasing volumes and costs associated with [medical practice](#) in the United States, continued change may be necessary to ensure the financial health and success of physicians and hospitals caring for victims of orthopedic trauma."

## **'Steady Annual Decline' in Orthopedic Trauma Surgery Reimbursements**

Using publicly available data from the Centers for Medicare & Medicaid Reimbursement (CMS), the researchers examined reimbursement trends for the 20 most commonly billed surgical procedure codes in orthopedic trauma from 2000 to 2020—the majority of which are traumatic bone fractures requiring surgical repair with some type of hardware (internal fixation). Costs were adjusted for inflation to 2020 dollars, based on the Consumer Price Index (CPI).

During the study period, the CPI—a widely used measure of inflation—increased by 52.8 percent. Meanwhile, average Medicare reimbursement for the 20 orthopedic trauma surgery procedures rose by only 4.9 percent, demonstrating the Government failing to keep up with increases in the cost of living.

After correction to 2020 dollars, average reimbursement for health care procedures for orthopedic trauma decreased by 30 percent. Annual data showed a steady decline of 1.5 percent per year.

The trends varied by procedure type, with foot and ankle procedures demonstrating the sharpest drop in reimbursement: 42.6 percent. Decreases were 31.9 percent for hip fracture surgery (often a lifesaving procedure), 30.9 percent for lower extremity long bone procedures, and 23.7 percent for shoulder and upper extremity procedures.

Medicare reimbursements are calculated using "Relative Value Units" (RVUs) for individual procedures, an arbitrary multiplier that is supposed to reflect the value of the physician's work, practice expenses, and malpractice coverage. Average total RVUs for the 20 procedures increased 4.4 percent from 2000 to 2020. The majority of the increase was in malpractice RVUs, with a small decrease in practice expense RVUs—despite evidence showing that practice costs have increased in recent years.

The US healthcare system has seen major changes in policies and payment structures throughout the last several decades, including Medicare. With the aging of the population, there will be increased demand on the Medicare system to fund orthopedic trauma surgery and fracture care in older Americans.

Orthopedic surgery has been a major focus of Medicare payment reforms, with experiments including "bundled" payment programs for joint replacement surgery. "[T]he decisions made by the Centers for Medicare and Medicaid Services (CMS) have had a large-scale impact on reimbursement, influencing both the public and private healthcare sectors," according to the authors.

They review some of the policy actions that have led to declining Medicare reimbursements, as well as the possible impact of new initiatives designed to incentivize quality and value of care rather than quantity of care. "Despite this uncertainty regarding the future, the evidence demonstrates a clear trend of decreasing Medicare

reimbursement in orthopedic trauma surgery," Dr. Egol and colleagues write.

They conclude: "Increased awareness and consideration of these trends will be important for policy-makers, hospitals, and surgeons in order to assure continued access to high quality surgical orthopedic trauma care in the United States." The authors hope their findings will serve as a "springboard" for efforts to develop sustainable policies to provide fair reimbursement for essential [trauma surgery](#) for the growing population of older adults covered by Medicare.

**More information:** Jack M. Haglin et al. Declining Medicare Reimbursement in Orthopedic Trauma Surgery, *Journal of Orthopaedic Trauma* (2020). [DOI: 10.1097/BOT.0000000000001947](https://doi.org/10.1097/BOT.0000000000001947)

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