





Albert Einstein College of Medicine

Medicare Free Fridays: Insurance and how far are we getting pushed?

Eli Kamara, MD FAAOS

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I have nothing to disclose.

Detailed disclosure information is available via:

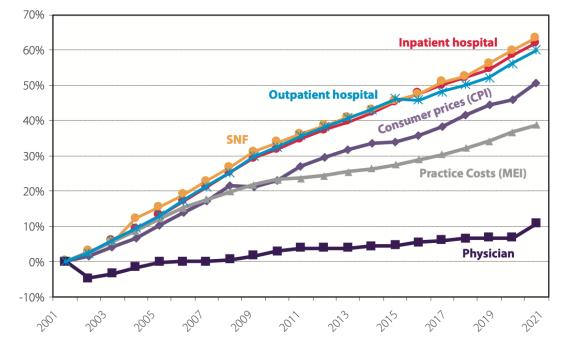
AAOS Disclosure Program on the AAOS website at





Medicare physician payment is **not** keeping up with inflation. Why is treating patients taking a backseat?

Medicare pay updates compared to inflation (2001–2021)



Sources: Federal Register, Medicare Trustees' Reports and U.S. Bureau of Labor Statistics

https://www.ama-assn.org/system/files/2022-nac-action-kit-payment-reform.pdf



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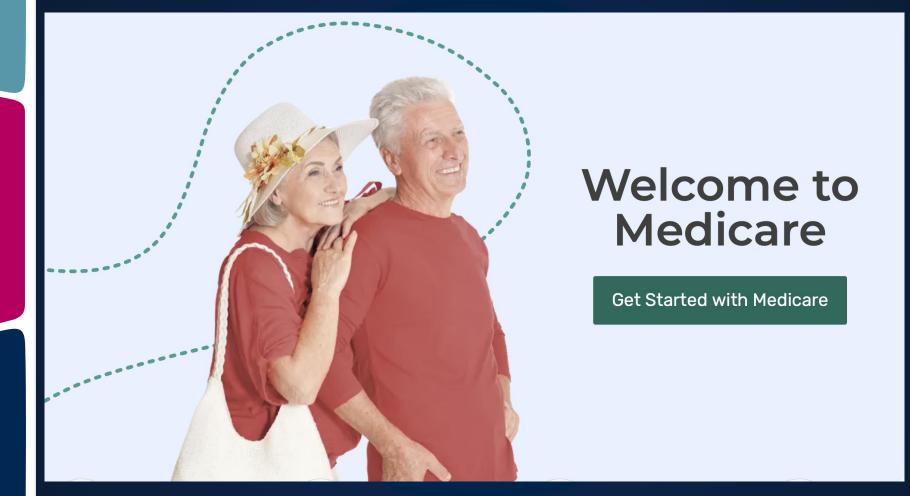
Reimbursement for Orthopaedic Surgeries in Commercial and Public Payors: A Race to the Bottom

Table 1	Decreasing	g Medicare and	Commercial	Surgeon F	Payments for	· TKA, THA	, TSA, ACDF, a	and PLF

	ТКА		T	HA
Year	Medicare	Commercial	Medicare	Commercial
2010	\$1,704.04	\$2,634.66	\$1,593.47	\$2,508.32
2011	\$1,732.72	\$2,650.46	\$1,621.05	\$2,507.16
2012	\$1,688.82	\$2,580.39	\$1,580.87	\$2,461.69
2013	\$1,671.40	\$2,557.53	\$1,565.56	\$2,443.92
2014	\$1,477.37	\$2,453.15	\$1,478.14	\$2,383.38
2015	\$1,489.08	\$2,435.77	\$1,489.46	\$2,386.04
2016	\$1,465.04	\$2,390.03	\$1,465.40	\$2,364.45
2017	\$1,431.94	\$2,366.47	\$1,432.67	\$2,368.53
2018	\$1,408.30	\$2,405.20	\$1,409.74	\$2,399.91
Annual change	\$(45.25)	\$(39.86)	\$(26.78)	\$(19.35)
CAGR	-2.10%	-1.01%	-1.35%	-0.49%
rrenu significance	\U.U I	\U.UU I	\U.UU I	\U.UU

J Am Acad Orthop Surg 2021 Dec 1;29(23):e1232-e1238









Medicare



- Provides insurance ages 65+
- Expanded to include permanently disabled
- Covers hospitalizations, physician services, prescriptions drugs, skilled nursing, home health visits, hospice care
- Administered by the Centers for Medicare and Medicaid (CMS) within the Department of Health and Human Services (HHS)
- 1965 law also established Medicaid, the federal/state health insurance program for the poor





Medicare

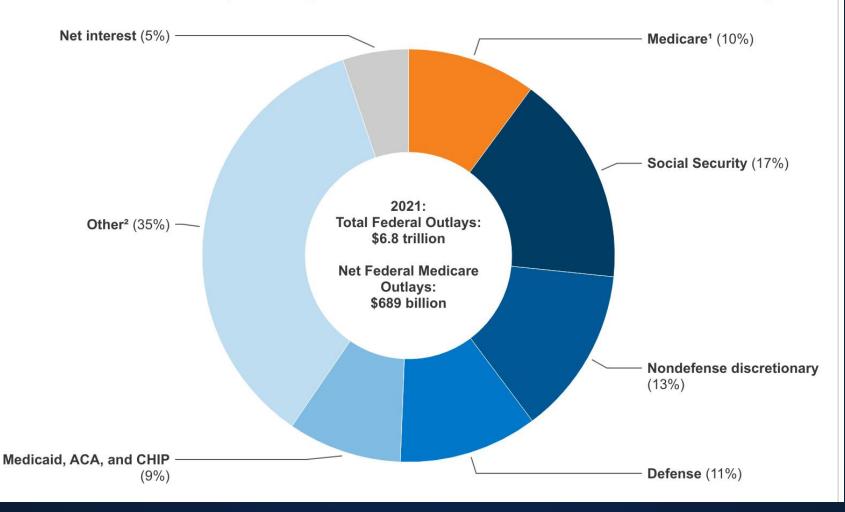


- Part A: Inpatient hospital services
 - Funded by payroll tax of 2.9% of earnings between employers and employees
 - Since 2013, additional 0.9% for workers with income greater than \$200,000
- Part B: Physician services
 - Beneficiary premiums (25%) government revenue (75%)
- Part C: Medicare Advantage
 - Private plan option covering Part A&B
- Part D: Prescription drugs
 - Beneficiary premiums and government revenue









s://www.kff.org/medicare/issue-brief/what-to-know-about-medicare-spending ht -financing/

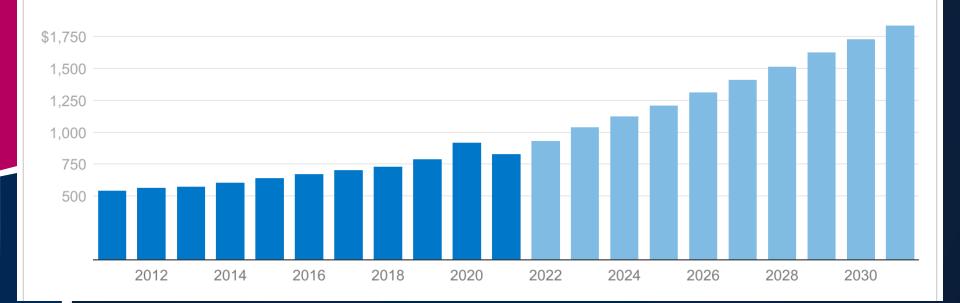


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Figure 3

Actual Projected

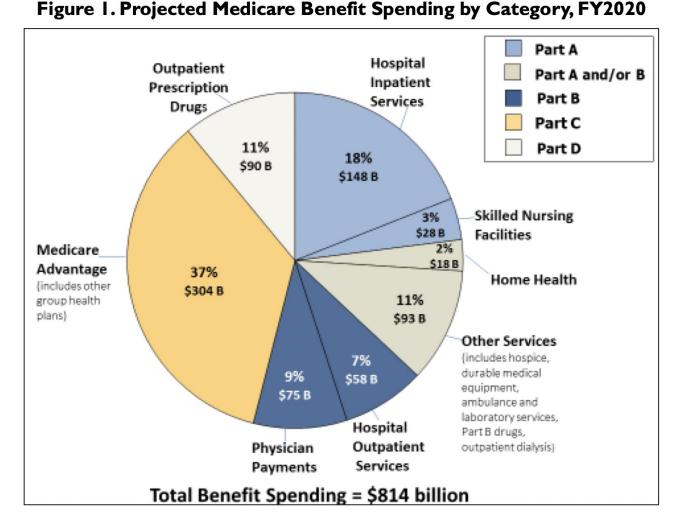
Medicare Benefits Spending Is Projected to Increase from \$829 Billion in 2021 to \$1.8 Trillion in 2031, Due to Growth in the Medicare Population and Increases in Health Care Costs



ontefiore s://www.kff.org/medicare/issue-brief/what-to-know-about-medicare-spendinght -financing/



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Sources: Figure by the Congressional Research Service (CRS) based on data from the Congressional Budget Office, "March 2020 Medicare Baseline," March 19, 2020.

Note: Dollar amounts in billions. Totals may not add up to 100% due to rounding.





Medicare Payment History



- Payments was originally based on:
 - "Reasonable costs" for hospital services
 - "usual, customary and reasonable charges for physician services"
- 1972 the program introduced managed care by allowing private insurance companies to provide benefits in exchange for a monthly capitated payment



Hospital Payments



Formula for hospital reimbursement:

- "cost + 2% basis"
 Between 1966 and
 1976:
 - Consumer Price
 Index: 89%
 - Hospital costs: 345%

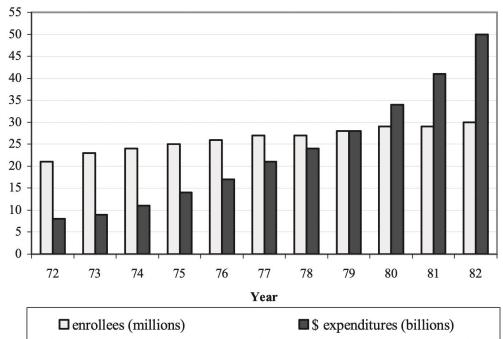


Fig. 1. Medicare Enrollees and Expenditures, 1972–1982.

Source: Data from Centers for Medicare & Medicaid Services, Tables 3.5 and 3.6; also found in Rick Mayes, *Universal Coverage* (Ann Arbor, Mich.: University of Michigan Press, 2005), 113.

Journal of the History of Medicine and Allied Sciences, Montefiore Volume 62, Issue 1, January 2007, Pages 21–55



Hospital Payments



- Tax Equity and Fiscal Responsibility Act of 1982 established a prospective payment system to slow the growth of expenditures
- Pay a single flat rate per type of discharge, as determined by the classification of each case into a diagnosis-related group (DRG)
- From 1980 to 1990, 20% savings from prior projections

Health Care Financ Rev. 1986 Spring; 7(3): 97–114. N Engl J Med 1989; 320:439-444





DRG Payments

- DRGs "bundle" services (labor and non-labor resources) that are needed to treat a patient with a particular disease
- DRG payment rates cover most routine costs attributable to patient care
- Approximately 500 DRGs
- CMS assigns a unique weight to each DRG
- More costly conditions are assigned higher DRG weights.

https://oig.hhs.gov/oei/reports/oei-09-00-00200.pdf





Hospital Payments



https://oig.hhs.gov/oei/reports/oei-09-00-00200.pdf

https://www.advisory.com/content/dam/advisory/en/public/Advisory/Topics/Me dicare/Cheat-sheets/Medicare-payment-programs/D20/IPPS-Onepage.pdf





The Regulatory Formula Leads To Automatic Increases in Facility Fees

• 2024 OPPS rates:

СРТ	2023	2024 (proposed)
27130 & 27447	\$13,048.08	\$13,269.40

• 2024 ASC rates:

СРТ	2023	2024 (proposed)
27130	\$9 <i>,</i> 508.60	\$9,646.38
27447	\$9,322.62	\$9,436.56



Physician Payments

Resource-Based Relative Values

An Overview

William C. Hsiao, PhD; Peter Braun, MD; Daniel Dunn, PhD; Edmund R. Becker, PhD

- Estimated the relative amounts of "work" physicians contribute to the services they render
- The study was published in 1988, and was the basis for the Relative Value Unite (RVU) system
- 1989, The Omnibus Budget Reconciliation Act implemented the RVU fee schedule effective from January 1992 to help control Medicare part B costs

JAMA. 1988;260(16):2347-2353. Curr Probl Diagn Radiol 2016 Mar-Apr;45(2):128-32.





RVU Components

Components of practice expense



Clinical staff (nurse, X-ray technician, etc)



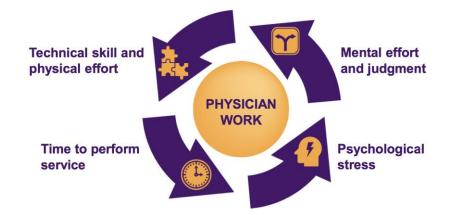
Medical supplies (gloves, syringes, etc)



Medical equipment (exam table, CT scanner, etc)

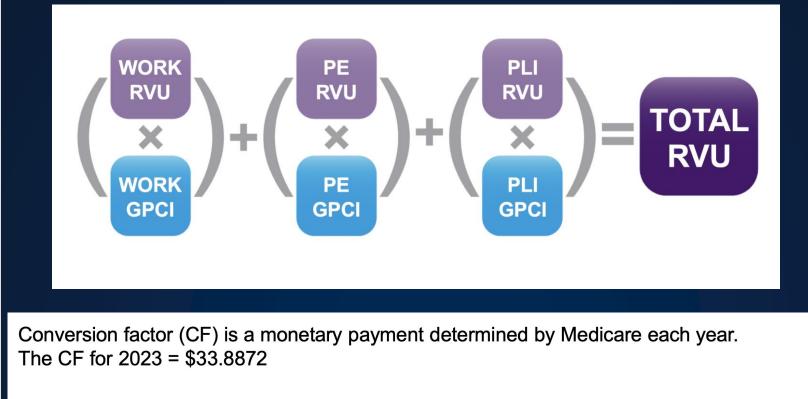
Professional liability

Components of physician work















The RVS Update Committee (RUC)

Composition of the AMA/Specialty Society RVS Update Committee

Chair American Medical Association CPT Editorial Panel Health Care Professionals Advisory Committee Practice Expense Subcommittee:

Anesthesiology	Geriatric medicine
Cardiology	Internal medicine
Cardiothoracic surgery	Nephrology*
Dermatology	Neurology
Emergency medicine	Neurosurgery
Family medicine	Obstetrics/gynecology
General surgery	Ophthalmology

Orthopaedic surgery Osteopathic medicine Otolaryngology Pathology Pediatrics Physical medicine and rehabilitation

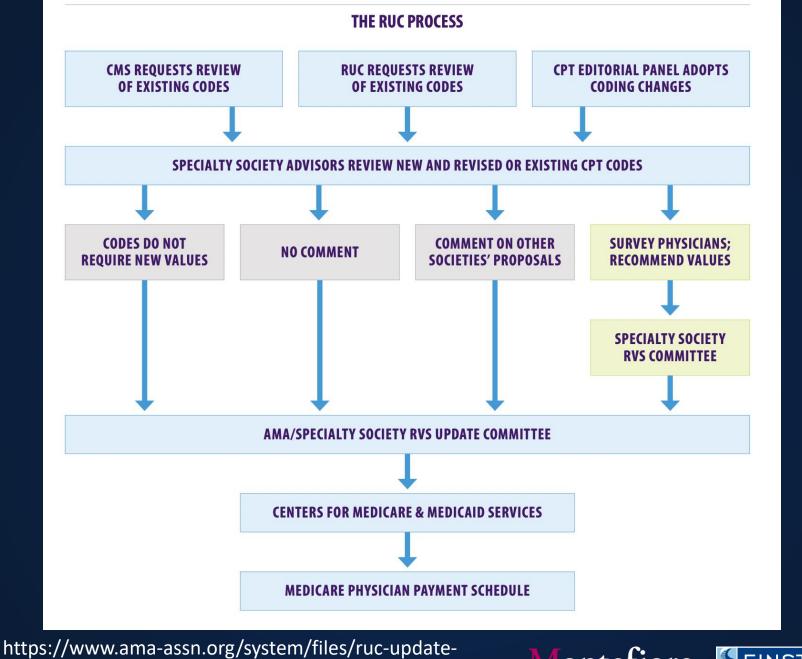
Plastic surgery Primary care^{*} Psychiatry Pulmonary medicine^{*} Radiology Urology Vascular surgery^{*}

* Indicates rotating seat

https://www.ama-assn.org/system/files/ruc-updatebooklet.pdf







https://www.ama-assn.org/system/files/ruc-upda booklet.pdf





RUC Outcomes

		ТКА	THA
	Year	wRVU	wRVU
	2010	23.25	21.79
	2011	23.25	21.79
	2012	23.25	21.79
	2013	23.25	21.79
	2014	20.72	20.72
	2015	20.72	20.72
	2016	20.72	20.72
ed	2017	20.72	20.72
	2018	20.72	20.72

AAHKS Leadership Addressing Potentially Misvalued Codes

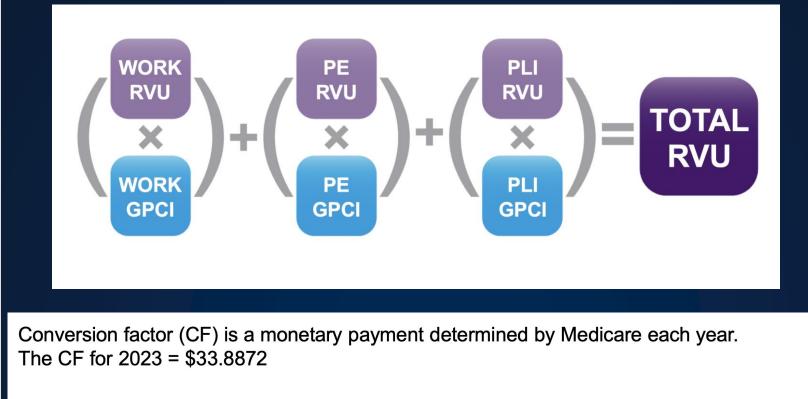
Dec 13, 2018 | CMS

"ANONYMOUS" TRIGGERS NEW BATTLE OVER PHYSICIAN PAY

WILLIAM DONOVAN • TUE, NOVEMBER 20TH, 2018







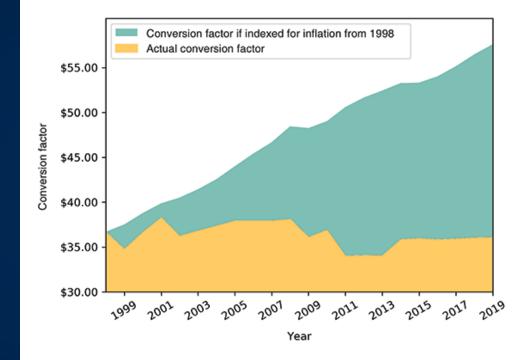






Conversion Factor

- Congress has authority to set CF since 1989
- Overall CF has not kept up with inflation
- The initial Medicare CF was set at \$31.001 in 1992
- 2023 CF is\$33.8872



tps://www.ama-assn.org/system/files/2021-01/cf-history.pdf tps://bulletin.facs.org/2019/09/medicare-physician-payment-on-the-decline-itsot-your-imagination/ tps://www.ama-assn.org/system/files/history-of-medicare-conversion-factorthe UNIVERSITY HOSPITAL ider-the-sgr.pdf



2024 Updates

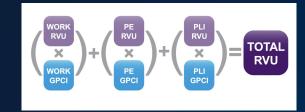
•CMS proposed a 2024 conversion factor of \$32.7426, representing a reduction of 3.3% from 2023 levels

СРТ	2022	2023	2024 (proposed)
27130	\$1,277.40	\$1,300.92	\$1,264.71
27447	\$1,276.06	\$1,299.57	\$1,263.07





Legislative Vs Regulatory



Components of practice expense









(exam table, CT scanner, etc)

Conversion factor (CF) is a monetary payment determined by Medicare each year. The CF for 2023 = \$33,8872



Components of physician work



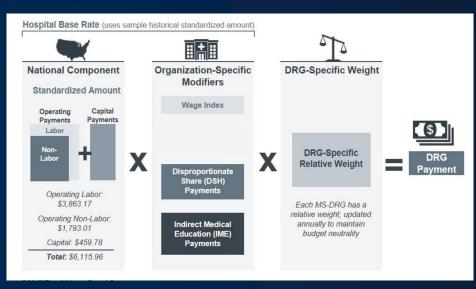






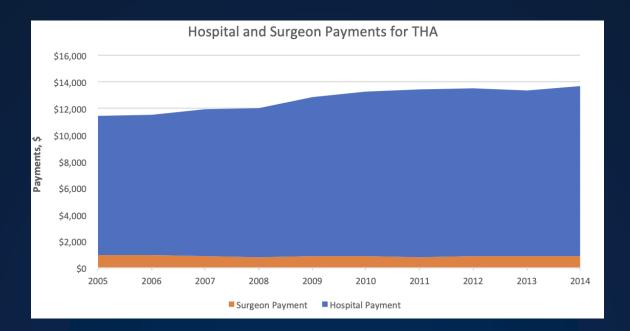
Table 1. Top 20 Reimbursed DRG Families in 2016 ^a					
Rank	DRG Family	Туре	NIS unweighted case volume	NIS weighted case volume	Estimated payment, billions USD (% of top 20 total)
1	870-872: Sepsis	М	323 165	1615824	15.59 (13.5)
2	469-470: LE joint replacement	Р	246 924	1 234 621	14.34 (12.4)
3	774-775: Vaginal delivery	М	485 836	2 429 178	8.11 (7.0)
4	3-4: ECMO or tracheostomy	Р	19 143	95 715	7.86 (6.8)
5	853-855: Infectious diseases	Р	56 197	280 985	6.77 (5.9)
6	765-766: Cesarean delivery	Р	244 010	1 220 049	6.21 (5.4)
7	291-293: Heart failure	М	183 894	919 470	6.02 (5.2)
8	329-331: Bowel procedure	Р	71 120	355 600	5.64 (4.9)
9	459-460: Spinal fusion	Р	46 876	234 380	5.29 (4.6)
10	246-247: PCI with DES	Р	71732	358 660	4.73 (4.1)
11	193-195: Pneumonia	М	147 953	739764	4.38 (3.8)
12	682-684: Renal failure	М	120 706	603 530	3.73 (3.2)
13	791-792: Prematurity	М	50 589	252 945	3.67 (3.2)
14	981-983: Extensive OR procedure	Р	34 869	174 345	3.58 (3.1)
15	64-66: ICH or stroke	М	104 550	522 750	3.45 (3.0)
16	190-192: COPD	М	123 294	616 470	3.38 (2.9)
17	219-221: Valve surgery without cardiac catheterization	Р	20 152	100 760	3.35 (2.9)
18	207-208: Respiratory disease	М	38 583	192 915	3.33 (2.9)
19	391-392: Esophageal and GI disorders	М	140 033	700 164	3.07 (2.7)
20	480-482: Hip and femur procedure except major joints	Р	51 267	256 335	2.92 (2.5)
Total	NA	NA	2 580 893	12 904 460	115.39

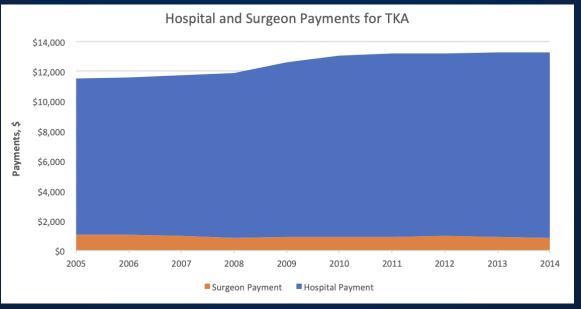
UNIVERSITY HOSPITAL

JA A Netw Open. 2020;3(12):e2028470. doi:10.1001/jamanetworkopen.2020.28470

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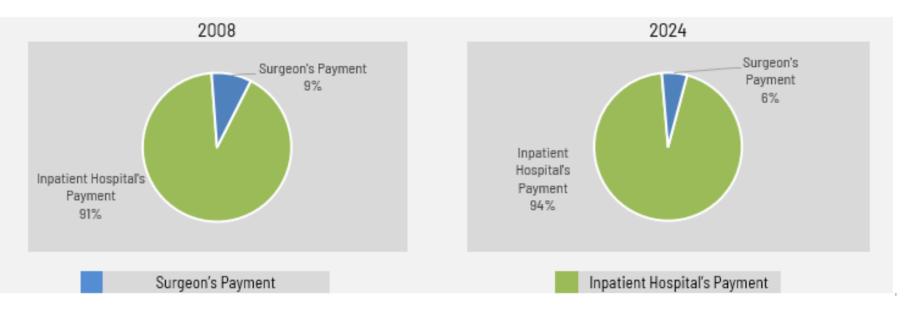






J Arthroplasty . 2020 Mar;35(3):605-612.

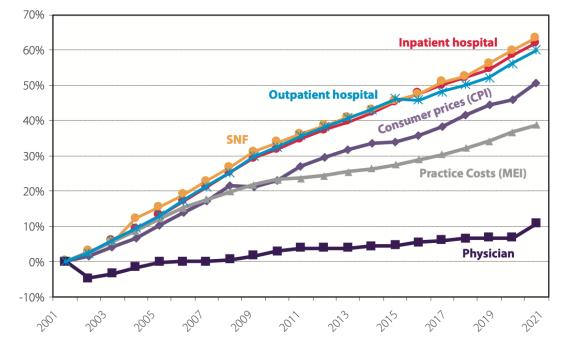
	2008	2024
Surgeon's Payment	8.68 %	5.80 %
Inpatient Hospital's Payment	91.32 %	94.2 %





Medicare physician payment is **not** keeping up with inflation. Why is treating patients taking a backseat?

Medicare pay updates compared to inflation (2001–2021)



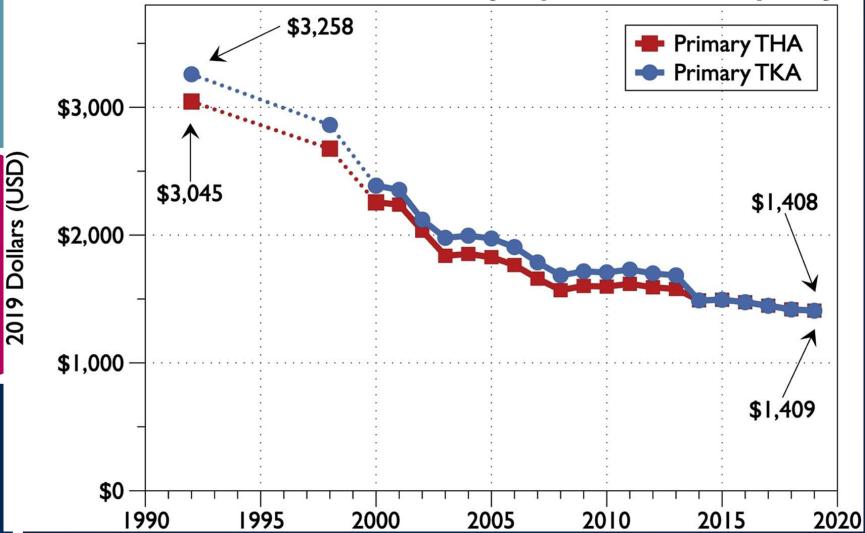
Sources: Federal Register, Medicare Trustees' Reports and U.S. Bureau of Labor Statistics

https://www.ama-assn.org/system/files/2022-nac-action-kit-payment-reform.pdf



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Medicare Fee Schedule for Primary Hip & Knee Arthroplasty



J Arthroplasty 2020 May;35(5):1174-1178.



Can a Hip and Knee Adult Reconstruction Orthopaedic Surgeon Sustain a Practice Comprised Entirely of Medicare Patients?

Joseph D. Zuckerman, MD, Emmanuel N. Koli, MD, Ifeoma Inneh, MPH, Richard Iorio, MD

Department of Orthopaedic Surgery, Division of Adult Reconstructive Surgery, NYU Langone Medical Center, Hospital for Joint Diseases, New York, NY

Table 3

Physician Salary Calculations for an AROS in a Medicare-Only Collections Model Utilizing Different Practice Expense Models.

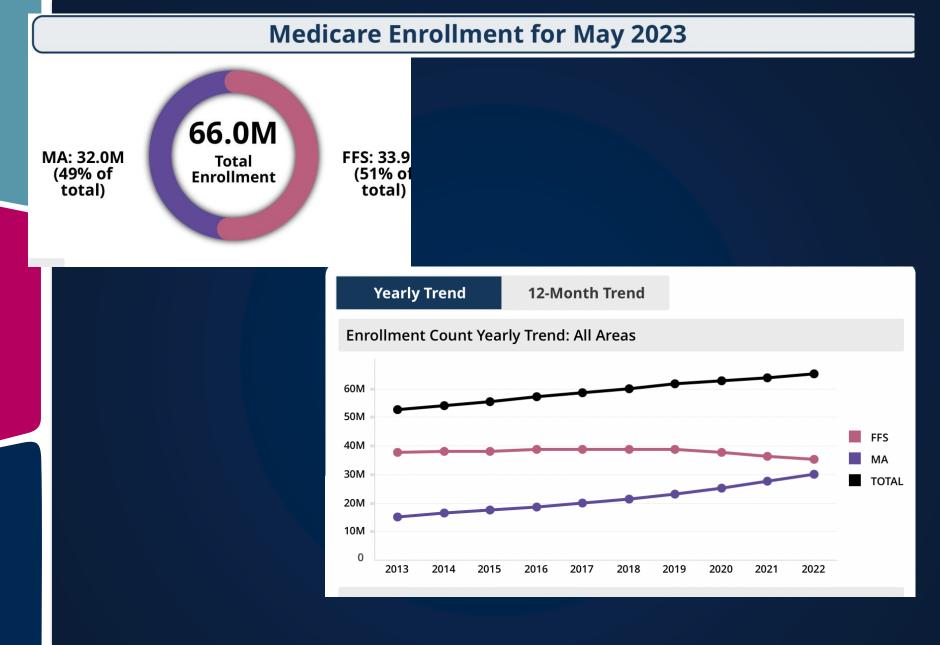
Expense model	United States
Model I Model II	\$287,453 \$72,502
MGMA survey	\$863,104

Salary is compared with the mean MGMA salary for a Hip and Knee AROS (excludes fringe benefit).

Model I: assumes 50% overhead.

Model II: utilizes MGMA practice expense data for an AROS.









Payment Reform

- U.S. Representatives Raul Ruiz, M.D. (D-CA-25), Larry Bucshon, M.D. (R-IN-08), Ami Bera, M.D. (D-CA-06), and Mariannette Miller-Meeks, M.D. (R-IA-01), introduced H.R. 2474, the "Strengthening Medicare for Patients and Providers Act"
- The bipartisan legislation would change the physician payment rate above the current law by providing an annual Medicare physician payment update tied to inflation, as measured by the Medicare Economic Index (MEI).





January 23, 2023

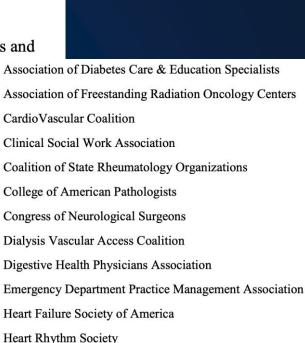
Dear Senator/Representative,

On behalf of the undersigned physician and non-physician organizations, representing more than one million clinicians and the patients they serve, welcome to the 118th Congress. Our combined memberships represent a *significant* portion of the clinicians in this nation, and we remain committed to ensuring America's seniors have access to high-quality care. Reforming the Medicare payment system is a crucial step in maintaining the clinician workforce that is necessary to serve America's seniors. We urge this Congress to hold Congressional hearings and work with all stakeholders to explore long-term payment solutions.

Unfortunately, we face an increasingly challenging environment providing Medicare beneficiaries with access to timely and quality care, which is particularly important for underserved and rural areas. The medical community continues to contend with the residua CardioVascular Coalition underserved and rural areas. The medical community continues to contend with the residua Clinical Social Work Association of State Rheumatology levels of burnout, work for a new triple-demic in many regions to Medicare Part B paymen College of American Pathologists

private payer reimburs Association of Freestanding Radiation Oncology Centers

CardioVascular Coalition Clinical Social Work Association Coalition of State Rheumatology Organizations College of American Pathologists Congress of Neurological Surgeons Dialysis Vascular Access Coalition Digestive Health Physicians Association Emergency Department Practice Management Association Heart Failure Society of America Heart Rhythm Society Infectious Diseases Society of America Infusion Providers Alliance





Infectious Diseases Society of America

Infusion Providers Alliance



MECOAC Medicare Payment Advisory Commission

The Medicare Payment Advisory Commission (MedPAC) is an independent congressional agency established by the Balanced Budget Act of 1997 (P.L. 105–33) to advise the U.S. Congress on issues affecting the Medicare program. In addition to advising the Congress on payments to health plans participating in the Medicare Advantage program and providers in Medicare's traditional fee-for-service program, MedPAC is also tasked with analyzing access to care, quality of care, and other issues affecting Medicare.

RECOMMENDATION 4-1

For calendar year 2024, the Congress should update the 2023 Medicare base payment rate for physician and other health professional services by 50 percent of the projected increase in the Medicare Economic Index.

March 2023 Report to the Congress: Medicare Payment Policy



Future Challenges

 Transition from fee for service to value based models



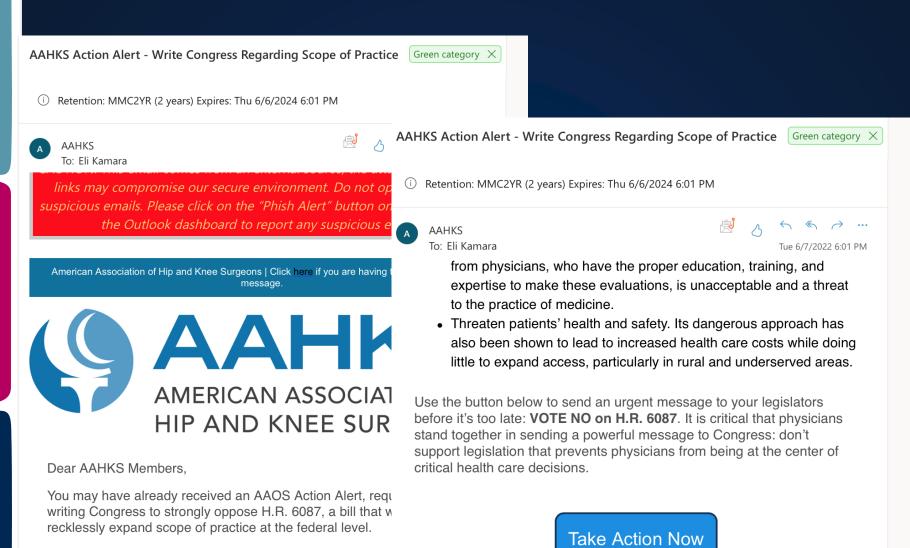


How to get involved?

- Email campaigns
- Society memberships
- Political Action Committee
- Member of Congress
- Society committees







It is imperative that Members of Congress hear directly from



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AAOS AMERICAN ACADEMY OF ORTHOPAEDIC SURGEONS AMERICAN ASSOCIATION OF ORTHOPAEDIC SURGEONS

Action Alert

Remove barriers to timely access to care



Urge Congress to Vote YES on Prior

This Wednesday, Sept. 14, the U.S. House of Re on the AAOS-endorsed Improving Seniors' Time



AAOS Office of Government Relations To: Eli Kamara



- Establish an electronic prior authorization process.
- Require the Department of Health and Human Services to establish a process for real-time decision making for items and services that are routinely approved.
- Require MA plans to report to the Centers for Medicare & Medicaid Services on the extent of their use of prior authorization and the rate of approvals or denials.
- Encourage plans to adopt prior authorization programs that adhere to evidence-based medical guidelines in consultation with physicians.

Please urge your congressional representatives to vote YES by taking a few minutes and sending them a pre-written letter via the AAOS Advocacy Center!

TAKE ACTION NOW





Thanks to the actions of advocates just like you - the House of Representatives passed the Improving Seniors' Access to Timely Care Act by a voice vote!

Now it's time for the Senate to act

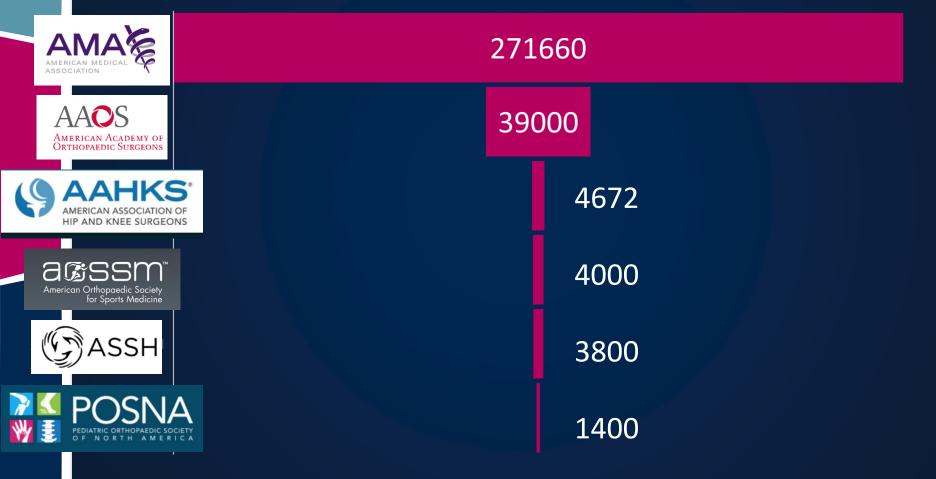
Physicians complete an average of 41 prior authorizations per week. This unnecessary burden amounts to roughly 13 hours weekly that physicians and their staff must spend on administrative work instead of seeing and treating patients. If an insurance plan covers a treatment that would benefit a patient, physicians should not have to waste time ensuring access to it.

This flawed system must be fixed and now it's the Senate's turn to hold the big insurance companies accountable for the undue burden these excessive and





Society Membership







Orthopedic Political Action Committee

Orthopaedic PAC 2021 Financial Highlights



THE ORTHOPAEDIC PAC CLOSED OUT 2021 STRONG DESPITE ONGOING PANDEMIC AND POLITICAL TURMOIL

Hard	Dollars In	Participation	Soft	Dollars In	Participation
2021	\$1.05M	2,225	2021	\$640,000	582
2020	\$1.15M	2,546	2020	\$667,000	787
	OVER \$900K Disbursed to members of congress and condidates	52% Republicans		48% Democrats	EINSTE

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Orthopedic Political Action Committee

ORTHOPAC SUPPORTER LEVELS

\$100 - SUPPORTER (\$10 RESIDENTS)

- Recognition in all online and printed reports
- Quarterly PAC Newsletter
- Donor Appreciation Event at Annual Meeting
- Opportunity to request OrthoPAC support for federal candidates



\$1,000 - CAPITOL CLUB MEMBERS

(\$100 RESIDENTS/FUTURE CAPITOL CLUB) (ALL DONOR BENEFITS ABOVE, PLUS):

- Invitations to exclusive Capitol Club events during AAOS meetings
- Opportunities to attend local/state congressional fundraising trips and events
- Opportunities to deliver PAC checks locally to candidates and officeholders
- Lapel pin with Capitol Club recognition



MAX-OUT MEMBERS (\$5,000)

(ALL DONOR AND CAPITOL CLUB BENEFITS ABOVE, PLUS):

- Invitation to NOLC
- Black Car service to and from the airport at Annual Meeting/NOLC
- Lapel pin with Max-Out Member recognition



Congressional Meeting

- House committee
 - Energy and Commerce
 - Health Subcommittee
 - Medicare Part B, Medicaid
 - Ways and Means
 - Taxes
 - Health Subcommittee
- Senate committee
 - Finance
 - Medicare, Medicaid
 - Health, Education, Labor, and Pensions
 - Public health





Society Committees

- AAOS Orthopedic Advocacy Week
- AAOS Resident Assembly
- AAOS Congressional Ambassador
- AAHKS Advocacy Council







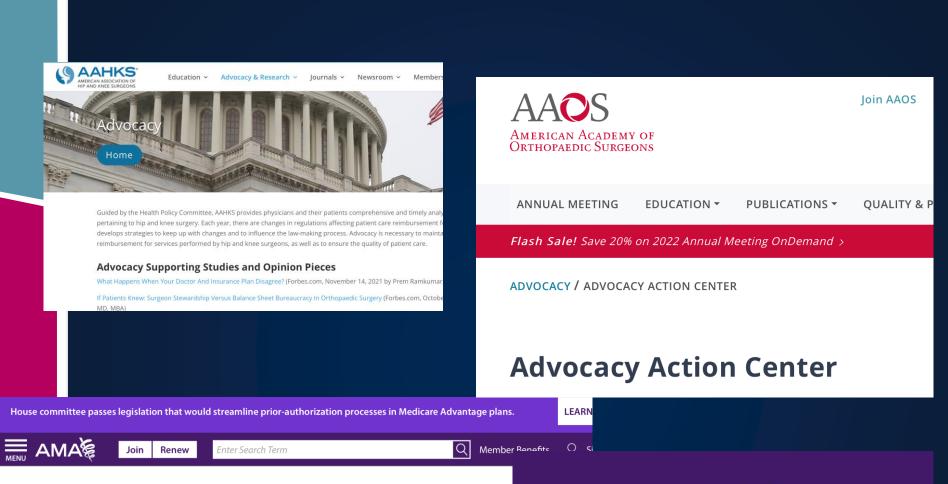
Health Policy Fellowship

AAHKS believes in the importance of engaging young, future leaders to assure they remain involved throughout their careers.

- AAHKS members in first four years of practice
- Two year program
- Provides exposure to regulatory and legislative bodies that impact the delivery of hip and knee arthroplasty







HEALTH CARE ADVOCACY

The AMA is advocating at the federal and state levels on key health care issues impacting patients and physicians. As a health made up of dedicated and engaged physicians, the AMA works to inform lawmakers, guide decision-making and generate so



Advocating for Public Health | Access to Care | Administrative Burdens | Payment Reasonant Advocacy Update | Federal Advocacy | State Advocacy | Judicial Advocacy





Conclusion

- Importance of physician advocacy for our patients and our profession
- We can all make a difference











Albert Einstein College of Medicine

Medicare Free Fridays: Insurance and how far are we getting pushed?

Eli Kamara, MD FAAOS

Assistant Professor of Orthopaedic Surgery Division of Adult Reconstruction Albert Einstein College of Medicine Montefiore Medical Center Ekamara@Montefiore.org