

Surgeon Reimbursement Unchanged as Hospital Charges and Reimbursements Increase for Total Hip Arthroplasty

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Introduction: As total hip arthroplasty (THA) incidence in the United States increases, healthcare entities look to reform policy to decrease costs while improving efficiency and quality of care. The relationship between surgeon and hospital charges and payments for THA has not been well examined. The goal of this study is to report trends and variation in hospital charges and payments compared to surgeon charges and payments for THA in a Medicare population.

Methods: The 5% Medicare sample was used to capture hospital and surgeon charges and payments for THA from 2005-2014. The charge multiplier (CM; ratio of hospital to surgeon charges) and the payment multiplier (PM; ratio of hospital to surgeon payments) were calculated. Year to year variation and regional trends in patient demographics, Charlson Comorbidity Index (CCI), length of stay (LOS), CM and PM were evaluated. Statistical significance of trends was evaluated using student's t-tests. Correlations between the financial multipliers and LOS were evaluated using a Pearson correlation coefficient (r).

Results: 56,228 patients were included. Hospital charges were significantly higher than surgeon charges throughout the study period and increased substantially (CM increased 8.7 to 11.5, $p < 0.0001$). Hospital payments relative to surgeon payments followed a similar trend (PM increased 11.0 to 15.2, $p < 0.0001$). Similar trends were noted in all four regions of the US. LOS decreased significantly throughout the study from 4.14 to 2.99 days ($p < 0.0001$), while CCI remained stable. As LOS decreased, the ratio of hospital to surgeon charges and payments paradoxically increased.

Conclusions: Hospital charges and payments relative to surgeon charges and payments have significantly increased for THA despite stable patient complexity, measured by CCI and decreasing LOS. As health care shifts toward value-based care with shared responsibility for outcomes and cost, more closely aligned incentives between hospitals and providers is needed.