Can the Average Total Joint Orthopaedic Surgeon Maintain an Average Income at Medicare Reimbursement Rates?

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Purpose: Health care reform is causing a change in employment models and reimbursement mechanisms for adult reconstruction (AR) orthopaedic surgeons who perform total joint replacement (TJR). As more patients move out of private insurance plans and more become covered by government insurance plans, we asked if the average AR surgeon could generate an average AR income at Medicare reimbursement rates.

Materials and Methods: Using the 2009 MGMA Cost Survey, 2011 MGMA Academic and Private practice Compensation Survey (Specialty Hip and Joint), 2010 Sullivan Cotter Physician Compensation and Productivity Survey, CMS locality reimbursement data, as well as internal billing and collection data, a model was generated to calculate the collections which could be realized by an AR surgeon performing 300 TJR per year (66% Knees, 33% Hips, 15% Revision surgery), seeing 2500 outpatient visits per year, and being compensated at current Medicare reimbursement rates. This projected data was compared with actual data of an average AR surgeon in a mixed payer reimbursement model.

Results: Using average Medicare reimbursement data for an AR orthopaedic surgeon, the surgical collections total was $493,563, and the average outpatient collections total was $183,480. Total possible Medicare collections were $677,043. Given a 33% contribution to overhead and benefits, this would justify a salary of $453,618 in a Medicare only environment, using a 50% contribution would result in a salary of $338,521. The Sullivan and Cotter median compensation for an AR surgeon in a mixed reimbursement model was $530,635 and the mean was $606,439. The MGMA regional average for AR was $563,339 with a 33% fringe contribution.

Conclusion/Discussion: Using Medicare compensation as a basis for modeling the projected salary realized by an AR orthopaedic surgeon, the projected total is well below the average compensation in a mixed reimbursement model. As reimbursement levels decrease under health care reform, the trend calls into question the viability of pure private practice AR surgeon models going forward. Alternate reimbursement initiatives may create opportunity for the preservation of private practice AR orthopaedic surgery.