AAHKS
AMERICAN ASSOCIATION OF HIP AND KNEE SURGEONS

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Summary of AAHKS Phase I Comment Letter to CMS on the 2027 Physician Fee Schedule Proposed Rule

based on 8/20/2026 draft

The American Association of Hip and Knee Surgeons (AAHKS) is submitting a detailed comment letter opposing the proposed 20% reduction in Relative Value Units (RVUs) for total hip replacement (CPT 27130) and total knee replacement (CPT 27447) under the 2027 Medicare Physician Fee Schedule (PFS). The letter, the first of two that will be submitted on the proposed rule, emphasizes that these cuts, which follow a 7.5% reduction in 2026, would cumulatively reach 27.5% over two years and would adversely impact patient outcomes, access to care and independent physician practices. AAHKS urges CMS to maintain current 2026 RVU levels and collaborate with stakeholders to base future RVUs on observed surgeon work time and transparent data.

Opposition to RVU Cuts and Impact on Patient Care

AAHKS argues that the proposed RVU reductions will not preserve seniors' health outcomes or improve patient experience. Instead, cutting reimbursement for medically necessary hip and knee replacements undermines efforts to shift health care from treating illness to preventing it. Timely total joint arthroplasty (TJA) prevents costly and isolating chronic conditions stemming from osteoarthritis, a disease primarily caused by aging, gender and family history—factors that cannot be prevented by changes in reimbursement policy. Delayed or untreated osteoarthritis leads to depression, social isolation, reduced mobility and increased long-term care costs exceeding $140,000 per patient.

AAHKS highlights the broad health benefits of TJA, including pain relief, improved mobility, weight control, better sleep and enhanced mental health through reduced stress and increased social engagement. Orthopaedic surgeons also play a critical role in optimizing patients preoperatively, including smoking cessation, weight management and opioid tapering, which contribute to better surgical outcomes and cost savings.

Consequences for Medicare Beneficiaries and Surgeons

AAHKS warns that the cuts will accelerate the trend of orthopaedic surgeons opting out of Medicare or limiting Medicare patients, thereby increasing surgical wait times. Currently, US wait times for joint replacement range from 4 to 10 weeks, whereas Canada and the UK experience wait times from 48 to 57 weeks due to workforce shortages. Longer waits correlate with clinical deterioration, increased postoperative complications and worse outcomes.

Impact on Practice Consolidation and Healthcare Costs

Sustained Medicare reimbursement cuts drive physician consolidation into hospital employment or larger health systems, reducing the number of independent practices. This

trend is already significant, with only 42% of physicians in private practice in 2024, down from 60% in 2012, and 55% hospital-employed. Orthopaedic surgery practices are highly concentrated, with Herfindahl-Hirschman Index (HHI) scores above DOJ thresholds for market concentration. Consolidation increases healthcare costs, insurance premiums and reduces patient choice and access, particularly in rural and underserved areas. The shift also incentivizes surgeries in higher-cost hospital settings rather than ambulatory surgical centers (ASCs), despite CMS efforts to encourage outpatient procedures.

Concerns About Valuation Methodology and Data

AAHKS critiques CMS's methodology for setting RVUs for TJA, noting that values are based on unrelated procedures like retinal detachment repair and gastric band removal, rather than actual observed surgeon work time for arthroplasty. A recent JAMA study cited by CMS found that TJA work RVUs were undervalued, not overvalued, with total hip arthroplasty taking 5% longer than valued time and total knee arthroplasty equal in duration to valued time—when RVUs were higher than proposed levels today. The letter also raises concerns about a "double dip" cut, as the 2027 reductions follow a 2.5% efficiency adjustment applied in 2026 without evidence of overvaluation.

CMS's proposal to eliminate payments for post-operative hospital visits is unsupported by observed data. The HHS Office of Inspector General (OIG) found significant underreporting of post-operative visits in Medicare claims, partly due to misunderstanding billing policies. Furthermore, inpatient and outpatient hospital status are reimbursement classifications that do not accurately reflect surgeon work intensity; outpatient procedures often require more intense surgeon involvement. Ending payments for inpatient post-operative visits effectively forces surgeons to perform outpatient procedures regardless of clinical appropriateness or to provide uncompensated care.

Need for Comprehensive Review and Collaboration

AAHKS underscores that improvements in TJA payment accuracy require a holistic review of surgeon treatment and management, including preoperative optimization and longitudinal care, not just cuts to post-operative visits. Orthopaedic surgeons have been leaders in value-based care models such as the Comprehensive Care for Joint Replacement (CJR) and other alternative payment models, which have saved Medicare substantial sums while improving outcomes. Much of these savings derive from increased pre-service work optimizing patients, which is not fully captured in current global surgical bundles. The letter encourages CMS to evaluate whether current bundles adequately capture all pre- and post-operative work and to consider new CPT codes for work outside these bundles.

AAHKS proposes a formal collaborative process involving CMS and other stakeholders to establish RVUs based on independently observed, contemporary work times for TJA procedures. The organization has prior experience convening such multi-stakeholder efforts, exemplified by a 2015 Patient Reported Outcomes Summit for Total Joint Arthroplasty.