AAHKS
AMERICAN ASSOCIATION OF HIP AND KNEE SURGEONS

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FOR IMMEDIATE RELEASE

November 5, 2026
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AAHKS Dismayed with CMS Cutting Hip and Knee Replacement Surgical Fee Payments, Warns of Threat to Patient Access

Nearly 25% in payment cuts over two years threaten independent practices and seniors' access to essential care

November 5 (Rosemont, Ill.) – The American Association of Hip and Knee Surgeons (AAHKS) today expressed strong dismay with the Centers for Medicare & Medicaid Services' (CMS) decision to finalize yet another major reduction in Medicare surgical fee payments for total hip and knee replacement, warning that the cuts threaten independent medical practices and could leave seniors with fewer options for essential care. The more than 17% reduction for 2027 follows a cut of more than 7% in 2026, bringing total reductions to around 25% in less than two years.

"This is a deeply disappointing decision that ignores both the evidence of the surgeon work and the very real consequences for Medicare patients," said Antonia F. Chen, MD, MBA, President of AAHKS. "Surgeons have spent years improving outcomes, reducing costs and helping patients recover faster. Instead of recognizing that progress in value, CMS is cutting hip and knee replacement surgical fee payments again. These decisions will determine whether seniors can find a surgeon in their community when they need a hip or knee replacement."

The decision comes despite months of warnings from surgeons, patient advocates, rural health organizations and bipartisan members of Congress about the potential consequences for independent practices, patient choice and access to orthopaedic care, particularly in rural and underserved communities.

Surgeons Deliver Savings, Yet Face Further Cuts

Hip and knee surgeons have led the way in Medicare's value-based payment programs, generating more than $136 million in savings for Medicare over three years. In addition, by handling most cases in the outpatient setting, hip and knee surgeons are projected to save $70 billion in health care costs over the next decade, according to United Health Care, a major health care insurer. Yet CMS is moving forward with substantial reductions despite evidence presented to the agency supporting higher reimbursement for these procedures.

The HHS Office of Inspector General has also found that Medicare claims significantly underreport postoperative visits, while a study cited by CMS found that hip replacement takes approximately 5% longer than the fee schedule assumes. Together, these findings suggest Medicare's payment methodology does not fully account for the work involved in joint replacement care.

These latest cuts add to years of declining reimbursement and rising practice costs. Surgeon payment for hip and knee replacement has fallen 41% over the past 25 years, while the cost of operating a

practice has risen 59%. Under the final rule, the surgeon would receive less than 4% of the up to $25,000 Medicare can spend on a hip replacement.

Threat to Independent Practices and Patient Access
Only 42% of American physicians remained in private practice in 2024, and the share of AAHKS members who have moved from independent practice to hospital employment has more than quadrupled since 2009. Research has found that physician practices acquired by hospital systems bill nearly 20% more per patient than physician-owned practices.

Importantly, reducing payments to surgeons does little to address the overall cost of joint replacement care or meaningfully lower patients' out-of-pocket expenses. Instead, AAHKS warns that the resulting financial pressure on independent practices could drive more care into higher-cost hospital systems, undermining efforts to promote competition and affordability.

“Independent practices cannot continue absorbing reductions of this magnitude,” Dr. Chen said. “Some may be forced to close, while others may have little choice but to join larger hospital systems. The consequences are especially troubling in rural America, where nearly half of nonmetropolitan counties already have no orthopaedic surgeons. Patients should not have to travel farther or wait longer for essential care because of decisions made in Washington.”

AAHKS Calls on Congress to Act
AAHKS is calling on Congress to mitigate these harmful reductions and advance a sustainable approach to Medicare physician payment that reflects the full scope of joint replacement care while protecting patient choice and access to high-quality care.

“CMS has made its decision, but the consequences for patients and their surgeons are far from settled,” Dr. Chen said. “AAHKS will continue working with Congress to address these cuts and protect the future of hip and knee replacement care.”

For more information on the Medicare payment cuts and AAHKS's efforts to protect patient access to care, visit the AAHKS CMS Payment Resource Center.

About AAHKS
Established in 1991, the mission of AAHKS is to be the definitive global authority on excellence in hip and knee care. AAHKS has a membership of over 5,500 surgeons and other hip and knee health care professionals.